

Public Document Pack

Simon Young, Solicitor
Head of Legal and Democratic Services



STRATEGY AND RESOURCES COMMITTEE

Tuesday 28 November 2017 on the rising of the Extraordinary Council Meeting

Council Chamber - Epsom Town Hall

The members listed below are summoned to attend the Strategy and Resources Committee meeting, on the day and at the time and place stated, to consider the business set out in this agenda.

Councillor Eber Kington (Chairman)
Councillor Clive Smitheram (Vice-Chairman)
Councillor Tony Axelrod
Councillor Kate Chinn
Councillor Neil Dallen

Councillor Hannah Dalton
Councillor Omer Kokou-Tchri
Councillor Humphrey Reynolds
Councillor Mike Teasdale
Councillor Clive Woodbridge

Yours sincerely

A handwritten signature in black ink, appearing to read 'S Young', written over a faint, larger version of the same signature.

Head of Legal and Democratic Services

For further information, please contact Fiona Cotter, 01372 732124 or fcotter@epsom-ewell.gov.uk

AGENDA

1. QUESTION TIME

To take any questions from members of the Public

Please Note: Members of the Public are requested to inform the Democratic Services Officer before the meeting begins if they wish to ask a verbal question at the meeting

2. DECLARATIONS OF INTEREST

Members are asked to declare the existence and nature of any Disclosable Pecuniary Interests in respect of any item of business to be considered at the meeting.

3. EXTERNAL AUDIT PROGRESS REPORT (Pages 5 - 36)

This report provides an update of the work the Council's External Auditors are carrying out and identifies emerging issues for Committee to note.

4. REVISED PAY & PERFORMANCE SCHEME (Pages 37 - 84)

This report provides an overview of the proposed new Pay & Performance scheme for Epsom & Ewell Borough Council to be implemented in April 2018.

5. BOROUGH INSIGHT (Pages 85 - 90)

This report sets out the benefits of producing the Council's magazine Borough Insight for our community. It seeks approval from the Committee to continue with the production of the magazine in the current formats and frequency.

6. PLANNED MAINTENANCE 6 MONTH UPDATE (Pages 91 - 98)

The report reviews progress and changes to the planned maintenance programme at mid-year and advises of changes made under delegated authority.

7. CIL JIG LOCAL PROJECTS SCHEME (Pages 99 - 114)

The Community Infrastructure Levy (CIL) Regulations encourage collecting authorities without parish councils areas (such as Epsom & Ewell) to spend a portion of their CIL receipts on projects identified or being brought forward by local communities. We have yet to identify a mechanism for discharging this requirement. The Borough Council's CIL Joint Infrastructure Group (JIG) proposes two separate approaches, which would be run in parallel that would allow for a proportion of CIL monies to be allocated to locally identified projects.

8. VAT PARTIAL EXEMPTION MITIGATION OPTIONS REPORT (Pages 115 - 122)

This report sets out the Council's current VAT position and suggests how to mitigate the risk of having to repay to HMRC VAT recovered on expenditure relating to exempt income.

9. LEASING OPTION OF DEFOE COURT (Pages 123 - 140)

To consider the principle of acquiring the flexible use of 24 units of accommodation at Defoe Court, East Street, Epsom as additional in-borough Temporary Accommodation, subject to negotiation with Sanctuary Housing Association

10. SCHEME FOR MEMBERS' ALLOWANCES (Pages 141 - 158)

This report asks the Committee to consider the report of the Independent Remuneration Panel and to make recommendations to Council on the Council's Scheme for Members' Allowances.

11. WRITE-OFF - SECTION 106 AGREEMENT (Pages 159 - 164)

A report seeking to write-off sums invoiced pursuant to a section 106 Agreement in relation to a development at Linton's Lane, Epsom.

12. REVENUES WRITE-OFFS OVER £20,000 (Pages 165 - 168)

This report seeks approval to write off a debt of over £20,000.

13. MINUTES OF PREVIOUS MEETING (Pages 169 - 182)

The Committee is asked to confirm as a true record the Minutes of the Special and Ordinary meetings of the Strategy and Resources Committee held on 19 September 2017 and 26 September 2017 respectively and to authorise the Chairman to sign them.

14. EXCLUSION OF PRESS AND PUBLIC (Pages 183 - 184)

The Committee is asked to consider whether it wishes to pass a resolution to exclude the Press and Public from the meeting in accordance with Section 100A (4) of the Local Government Act 1972 on the grounds that the business involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act (as amended) and that pursuant to paragraph 10 of Part 2 of the said Schedule 12A the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

15. ICT SERVICE (Pages 185 - 194)

This report has not been published because the meeting is likely to be closed to the press and public in view of the nature of the business to be transacted/nature of the proceedings. The report deals with information relating to the business affairs of the Council and the public interest in maintaining the exemption currently outweighs the public interest in disclosing the information.

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External Audit Progress Report

Report of the:	Acting Director of Finance and Resources
Contact:	Lee Duffy, Brendan Bradley
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Annexes/Appendices (attached):	Annexe 1: External Audit Progress Report Annexe 2: Annual Audit Letter
Other available papers (not attached):	None

Report Summary

This report provides an update of the work the Council's External Auditors are carrying out and identifies emerging issues for Committee to note.

Recommendation (s)

That the Committee:-

- (1) Receives the External Audit Progress Report
- (2) Receives the Annual Audit Letter

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

1.1 This report supports the Council's Key Priority Managing Resources.

2 Background

2.1 Grant Thornton provides the Council's external audit work.

2.2 The 2016/17 audit carried out by Grant Thornton provided the Council with an unqualified opinion on the accounts. The Strategy and Resources Committee received Grant Thornton's Audit Findings Report for 2016/17 at its meeting on 26 September 2017.

3 Proposals

- 3.1.1 The External Audit Progress Report provides an update of the work being carried out by external audit in 2017/18 (attached as **Annexe 1**). It also identifies any emerging issues and developments that the Committee should be aware of.
- 3.1.2 The Annual Audit Letter (Annexe 2) summarises the 2016/17 Audit Findings Report, which was presented to Strategy and Resources Committee on 26th September 2017.
- 3.1.3 Grant Thornton will attend the committee meeting to introduce this item and answer any questions from Members.

4 Financial and Manpower Implications

- 4.1 The 2016/17 audit carried out by Grant Thornton provided the Council with an unqualified opinion on the accounts.
- 4.2 **Chief Finance Officer's comments:** *The work as planned by our External Auditors is in accordance with the level of work allowed for in the budget.*

5 Legal Implications (including implications for matters relating to equality)

- 5.1 **Monitoring Officer's comments:** *The work of external audit is a key part of the controls in place to ensure that the Council is doing the right thing in the right way at the right time.*
- 5.2 *Grant Thornton work is undertaken in the context of the Statement of Responsibilities of Auditors and Audit Bodies issued by the Comptroller and Auditor General.*

6 Risk Assessment

- 6.1 The audit of the Council's financial statements comprise a key element of the Council's governance arrangements.

7 Conclusion and Recommendations

- 7.1 The Committee is asked to:-
 - 7.1.1 Receive the External Audit Progress Report;
 - 7.1.2 Receive the Annual Audit Letter

Ward(s) Affected: (All Wards);

Strategy and Resources Committee Update Epsom and Ewell Borough Council Progress Report and Update

October 2017

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Elizabeth Jackson

Engagement Lead

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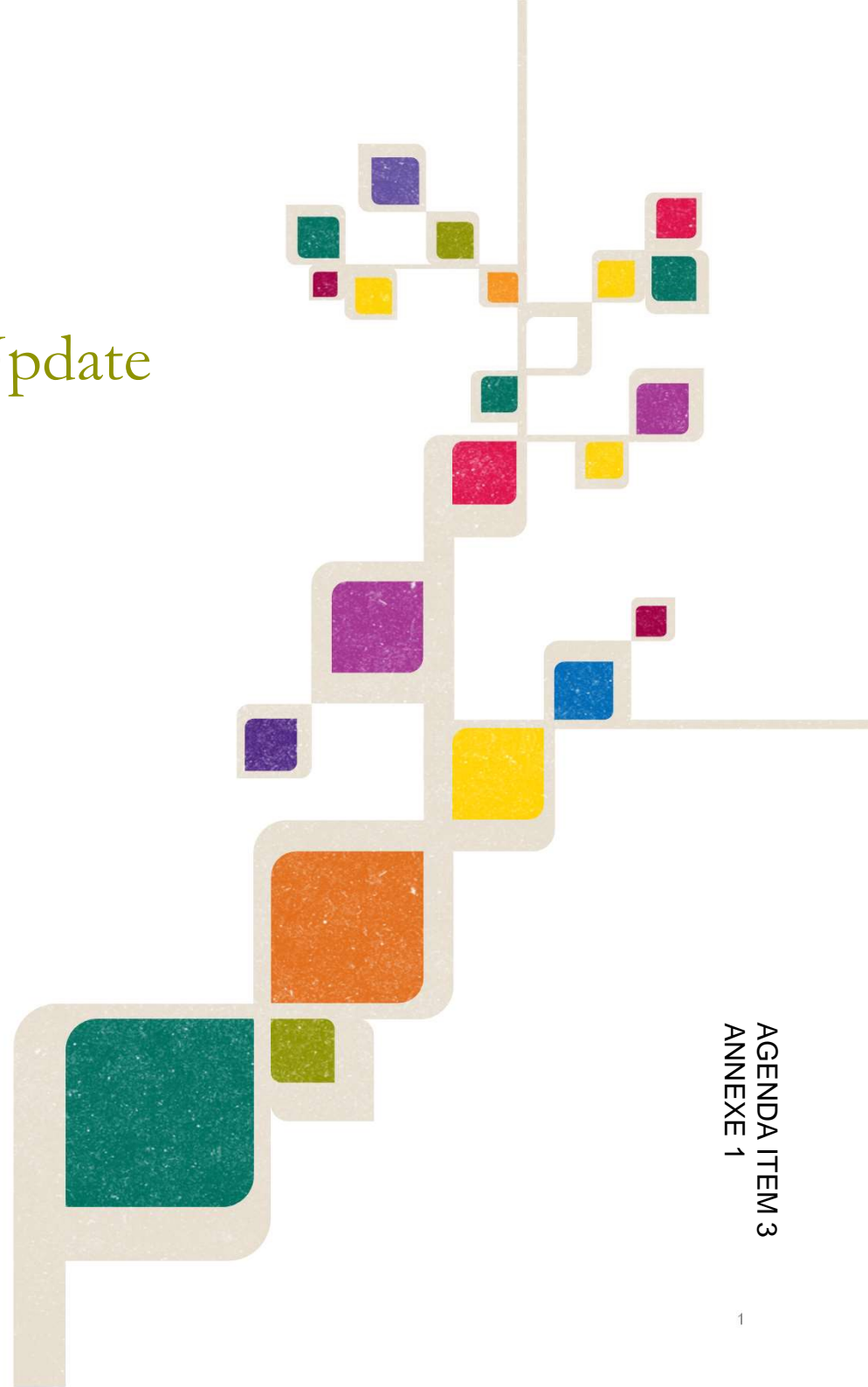
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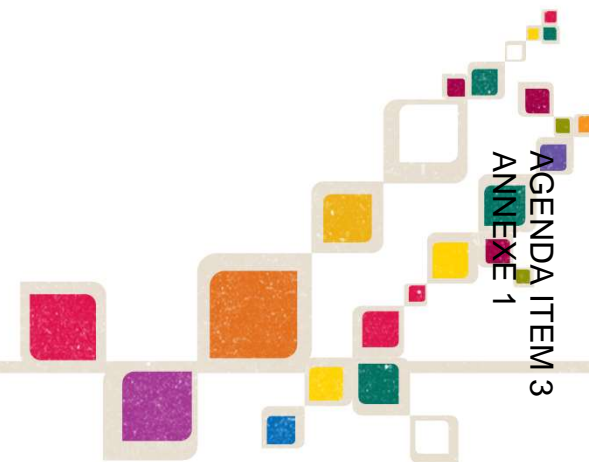
Engagement Manager

T 020 7728 3293

E ade.o.oyerinde@uk.gt.com



The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.



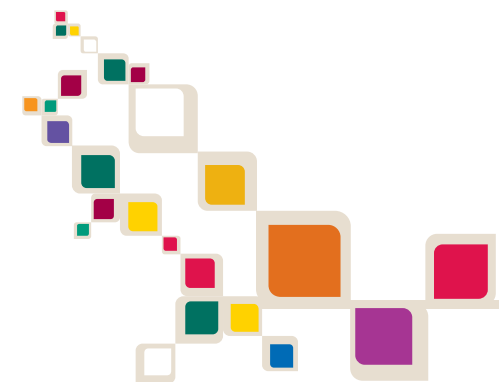
Introduction

This paper provides the Strategy and Resources Committee with a report on progress in delivering our responsibilities as your external auditors.

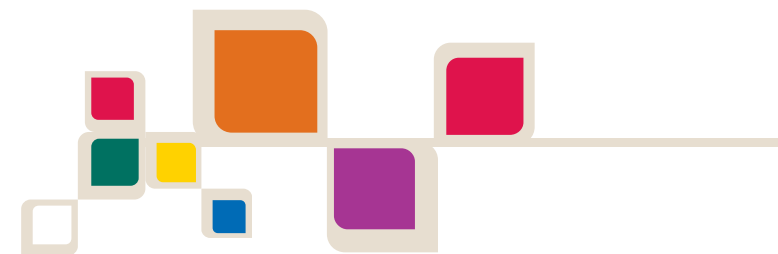
Members of the Strategy and Resources Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications and articles, including the reports mentioned in this update along with other items:

- Income generation is an increasingly essential part of providing sustainable local services ; <http://www.grantthornton.co.uk/en/insights/the-income-generation-report-local-leaders-are-ready-to-be-more-commercial/>
- Social enterprises are becoming increasingly common vehicles for delivering services that are not an ‘essential’ service for an authority but still important to the local community; <http://www.grantthornton.co.uk/en/insights/a-guide-to-setting-up-a-social-enterprise/>
- Fraud risk, 'adequate procedures', and local authorities; <http://www.grantthornton.co.uk/en/insights/fraud-risk-adequate-procedures-and-local-authorities/>
- Brexit and local government; <http://www.grantthornton.co.uk/en/insights/a-global-britain-needs-more-local-government-not-less/> and <http://www.grantthornton.co.uk/en/insights/brexit-local-government--transitioning-successfully/>

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.



Progress at October 2017

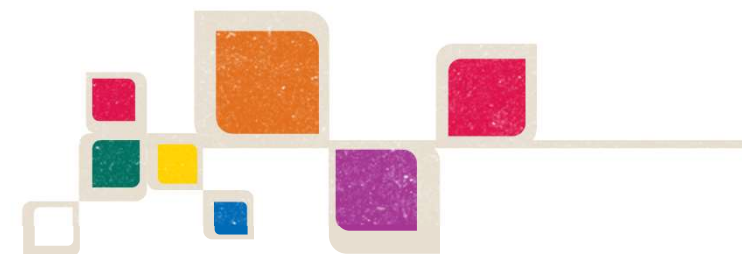


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2017/18	Planned Date	Complete?	Comments
<p>Fee Letter We are required to issue a 'Planned fee letter for 2017/18 by the end of April 2017. This is the final audit year under the current contract. PSAA has awarded contracts to audit suppliers and is currently consulting on local appointments. Your audit supplier from 2018/19 will be confirmed by the end of December 2017.</p>	April 2017	yes	The fee letter was issued in March 2017.
<p>Accounts Audit Plan We will issue a detailed accounts audit plan to the Council setting out our proposed approach the audit of the Council's 2017/18 financial statements. This will be issued upon completion of our audit planning.</p>	March 2018	Not yet due	<p>We will start planning the 2017/18 audit in November 2017. The Council is well placed to deliver the accounts by 31 May and for the audit opinion to be issued before the new statutory deadline of 31 July 2018.</p> <p>The Engagement Lead for 2017/18 is changing to Sarah Ironmonger during Liz Jackson maternity leave</p> <p>A handover meeting from the outgoing Engagement Lead will take place with the finance team in November 2017.</p>
<p>The statutory deadline for the issued of the 2017/18 opinion is brought forward by two months to 31 July 2018.</p>			

AGENDA ITEM 3
ANNEXE 1

Progress at October 2017



2017/18	Planned Date	Complete?	Comments
<p>Interim accounts audit</p> <p>Our interim fieldwork visit plan will reflect the need to complete as much as possible earlier in the audit cycle. Our work will include:</p> <ul style="list-style-type: none"> • review of the Council's control environment • Updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • Value for Money conclusion risk assessment. 	<p>December 2017 to March 2018</p>	<p>Not yet due</p>	<p>We will agree dates for the interim audit visits at the November handover meeting. As in previous years, we will focus on early substantive testing to ensure pressure is reduced on the finance team and auditors for the June 2018 financial statements visit.</p>
<p>Final accounts audit</p> <ul style="list-style-type: none"> • proposed opinion on the Council's accounts • proposed Value for Money conclusion • review of the Council's disclosures in the consolidated accounts against the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 	<p>July 2018</p>	<p>Not yet due</p>	<p>The financial statements audit will be scheduled for June 2018.</p>
<p>Value for Money (VfM) conclusion</p> <p>The scope of our work is unchanged to last year and is set out in the final guidance issued by the National Audit Office in November 2015. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".</p> <p>The guidance confirmed the overall criterion as; "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".</p> <p>The three sub criteria for assessment to be able to give a conclusion overall are:</p> <ul style="list-style-type: none"> • Informed decision making • Sustainable resource deployment • Working with partners and other third parties 	<p>July 2018</p>	<p>Not yet due</p>	<p>We will complete the initial risk assessment to determine our approach for reporting in the audit plan.</p> <p>Our work will be reported in the Audit Findings Report presented to the July 2018 meeting of the Strategy and Resources Committee.</p>

Technical Matters

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ANNEXE 1



Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 and forthcoming provisions for IFRS 9 and IFRS 15

Code of Practice on Local Authority Accounting in the United Kingdom 2017/18

CIPFA/LASAAC has issued the Local Authority Accounting Code for 2017/18. The main changes to the Code include:

- amendments to section 2.2 (Business Improvement District Schemes (England, Wales and Scotland), Business Rate Supplements (England), and Community Infrastructure Levy (England and Wales)) for the Community Infrastructure Levy to clarify the treatment of revenue costs and any charges received before the commencement date
- amendment to section 3.1 (Narrative Reporting) to introduce key reporting principles for the Narrative Report
- updates to section 3.4 (Presentation of Financial Statements) to clarify the reporting requirements for accounting policies and going concern reporting
- changes to section 3.5 (Housing Revenue Account) to reflect the Housing Revenue Account (Accounting Practices) Directions 2016 disclosure requirements for English authorities
- following the amendments in the Update to the 2016/17 Code, changes to sections 4.2 (Lease and Lease Type Arrangements), 4.3 (Service Concession Arrangements: Local Authority as Grantor), 7.4 (Financial Instruments – Disclosure and Presentation Requirements)

- amendments to section 6.5 (Accounting and Reporting by Pension Funds) to require a new disclosure of investment management transaction costs and clarification on the approach to investment concentration disclosure.

Forthcoming provisions for IFRS 9 and IFRS 15

CIPFA/LASAAC has issued 'Forthcoming provisions for IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers in the Code of Practice on Local Authority Accounting in the United Kingdom 2018'. It sets out the changes to the 2018/19 Code in respect of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. It has been issued in advance of the 2018/19 Code to provide local authorities with time to prepare for the changes required under these new standards.

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes a single classification approach for financial assets, a forward looking 'expected loss' model for impairment (rather than the 'incurred loss' model under IAS 39) and some fundamental changes to requirements around hedge accounting.

Technical Matters

Ensure the Director of Finance & Resources is aware of the changes to the Code of Practice in 2017/18 and the forthcoming changes to lease accounting and revenue recognition?

IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts. IFRS 15 changes the basis for deciding whether revenue is recognised at a point in time or over a period of time and introduces five steps for revenue recognition.

It should be noted that the publication does not have the authority of the Code and early adoption of the two standards is not permitted by the 2017/18 Code.

Sector issues

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ANNEXE 1



Independent Review of Building Regulations and Fire Safety

Sector Issues

The Government has published the terms of reference for the independent Review of Building Regulations and Fire Safety, commissioned following the Grenfell Tower fire tragedy.

The DCLG press release states:

“This Review will urgently assess the effectiveness of current building and fire safety regulations and related compliance and enforcement issues, with a focus on multi occupancy high rise residential buildings. This will include addressing whether the government’s large-scale cladding system testing programme identified any potential systemic failures.

The Review’s 2 key priorities are to develop a more robust regulatory system for the future and provide further assurance to residents that the buildings they live in are safe and remain safe. While the Review will cover the regulatory system for all buildings, it will have a specific focus on multi occupancy high rise residential buildings.

Dame Judith Hackitt, a qualified engineer with strong regulatory background, is leading the Review and will draw on the experience of local government, industry, the fire sector, international experts and MPs. She will also engage with residents of multi occupancy residential buildings.

The Review will report jointly to Communities Secretary Sajid Javid and Home Secretary Amber Rudd. An interim report will be submitted in autumn 2017 and a final report submitted in spring 2018. The Review will co-operate fully with the Public Inquiry, and Dame Judith Hackitt will review her recommendations in the light of the findings of the Inquiry.”

The terms of reference state that the review will:

- map the current regulatory system (i.e. the regulations, guidance and processes) as it applies to new and existing buildings through planning, design, construction, maintenance, refurbishment and change management;
- consider the competencies, duties and balance of responsibilities of key individuals within the system in ensuring that fire safety standards are adhered to;
- assess the theoretical coherence of the current regulatory system and how it operates in practice
- compare this with other international regulatory systems for buildings and regulatory systems in other sectors with similar safety risks;
- make recommendations that ensure the regulatory system is fit for purpose with a particular focus on multi-occupancy high-rise residential buildings.

The full terms of reference are available at:

<https://www.gov.uk/government/publications/independent-review-of-building-regulations-and-fire-safety-terms-of-reference>

Procurement of external audit services

Public Sector
Audit Appointments

Procurement outcome

As a result of the highly successful procurement of auditor services, opted-in Local government and police bodies throughout England will collectively benefit from reduced fees for audit services in 2018/19 compared to 2016/17. Aggregate savings are expected to exceed £6 million per annum, equivalent to a reduction of approximately 18% in the scale fees payable by local bodies.

The results of the process announced on 20 June 2017 involve the award of the following contracts:

- Lot 1 of approx. £14.6 million per audit year was awarded to Grant Thornton LLP;
- Lot 2 of approx. £10.9 million per audit year was awarded to EY LLP;
- Lot 3 of approx. £6.6 million per audit year to awarded to Mazars LLP;
- Lot 4 of approx. £2.2 million per audit year to awarded to BDO LLP;
- Lot 5 of approx. £2.2 million per audit year to awarded to Deloitte LLP; and
- Lot 6 with no guaranteed value of work to awarded to a consortium of Moore Stephens LLP and Scott-Moncrieff LLP.

Contracts were awarded on the basis of most economically advantageous tender with 50% of the available score awarded to price and 50% awarded to quality.

The procurement strategy, agreed by the PSAA Board in December 2016, sets out the basis on which the procurement of audit services was carried out.

Having concluded the procurement, PSAA will commence the process of appointing auditors to opted-in bodies. For more information on the auditor appointment process [click here](#).

Sector Issues

Finalising and confirming appointments

The PSAA Board will approve all proposed appointments from 2018/19, following consultation with audited bodies, at its meeting in mid-December. The Board's decision on the appointment of auditors is final. Following Board consideration, we will write to each audited body to confirm their appointment. We plan to send all confirmations on 18 December.



Housing Benefit (Subsidy) Assurance Process 2018/19: Module 1 Special Purpose Framework Instruction:

This Circular sets out the arrangements for the audit of the housing benefits subsidy for 2018/19. It is for the LA to appoint a reporting accountant to undertake this work and notify the DWP of this. A standard letter of notification for the LA use is set out in Appendix 1. This letter of notification must be issued to the DWP by the LA no later than the 1st March 2018.

Local Authority 2016/17 Revenue Expenditure and Financing

Sector Issues

DCLG has produced a summary of Local Authorities' 2016/17 provisional revenue spending and financing. It notes that Local government expenditure accounts for almost a quarter of all government spending and the majority of this is through local authority revenue expenditure. The summary is compiled from the Revenue Outturn (RO) returns submitted by all local authorities in England. Coverage is not limited to local councils in England and includes other authority types such as Police and Crime Commissioners and Fire authorities.

The headline messages include:

- Local authority revenue expenditure totalled £93.5 billion for all local authorities in England in 2016-17. This was 1.1% lower than £94.5 billion spent over 2015-16.
- Expenditure on Adult Social Care increased to £14.9 billion in 2016-17. This was £0.5 billion (3.6%) higher than in 2015-16. 2016-17 was first year local authorities were able to raise additional funding for Adult Social Care through the council tax precept.
- The largest decrease in local authority expenditure was on Education services. This was £0.8 billion (2.4%) lower in 2016-17 than in 2015-16. The majority of this decrease is due to local authority funded schools converting to academies.
- Local authorities are financing more of their expenditure from locally retained income. 40.4% of revenue expenditure was funded through council tax and retained business rates and 57.5% from central Government grants. The remaining 2.1% was funded by reserves and collection fund surpluses. These percentages were 38.7%, 60.4% and 0.9% respectively in 2015-16.
- Local authorities used £1.5 billion (6.2%) of the £24.6 billion reserves balance held at the start of the 2016-17.
- Local authorities' use of reserves was £1.1 billion higher in 2016-17 than in 2015-16. Due to changes in their capital programme, £0.5 billion of this increase is due to the Greater London Authority.

The full report is available at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/639755/Revenue_Expenditure_and_Financing_2016-17_Provisional_Outturn.pdf

Did you know....

This data set and many others are included in CFO Insights.

CFO Insights is the Grant Thornton and CIPFA online analysis tool. It gives those aspiring to improve the financial position of their organisation instant access to insight on the financial performance, socio-economic context and service outcomes of theirs and every other council in England, Scotland and Wales.

More information is available at:

<http://www.cfoinsights.co.uk/>

Grant Thornton publications

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Setting up a successful social enterprise

Local government continues to innovate as it reacts to ongoing austerity. An important strand of this response has been the development of alternative delivery models, including local authority trading companies, joint ventures and social enterprises.

This report focuses on social enterprises in local government; those organisations that trade with a social purpose or carry out activities for community benefit rather than private advantage. Social enterprises come in a variety of shapes and sizes as they do not have a single legal structure or ownership rule and can adopt any corporate form as long as it has a social purpose.

In this report we explore what social enterprises look like, the requirements for setting one up, how they should be managed to achieve success and how they can be ended.

We have complemented this with a range of case studies providing inspiring ideas from those that have been successful and some lessons learned to take into consideration.

Key findings from the report:

- Austerity continues to be a key driver for change: social enterprises are a clear choice where there is an opportunity to enhance the culture of community involvement by transferring these services into a standalone entity at its centre
- The social enterprise model tends to lend itself more to community services such as libraries, heritage management and leisure, but not exclusively so
- Social enterprises can open up new routes of funding including the ability to be flexible on pricing and access to pro bono or subsidised advice
- Some local authorities have converted existing models into social enterprises; for example where a greater focus on social outcomes has been identified

Striking a balance between financial and social returns

If you are a local authority looking to transition a public service to a social enterprise model certain factors will be key to your success including: leadership, continuing the culture, branding, staff reward and secure income stream.

Download our guide to explore how to handle these factors to ensure success, the requirements for setting up a social enterprise; and how social enterprise can be ended. The guide also showcases a number of compelling case studies from local authorities around England, featuring inspiring ideas from those social enterprises that have been a success; and lessons learned from those that have encountered challenges.

Grant Thornton publications

Questions:

- Is your Council exploring options for delivery of services?
- Have you read our report?
- Have you downloaded our guide?



<http://www.grantthornton.co.uk/en/insights/a-guide-to-setting-up-a-social-enterprise/>

A Manifesto for a Vibrant Economy

Developing infrastructure to enable local growth

Cities and shire areas need the powers and frameworks to collaborate on strategic issues and be able to raise finance to invest in infrastructure priorities. Devolution needs to continue in England across all places, with governance models not being a “one-size-fits all”. Priorities include broadband, airport capacity in the North and east-west transport links.

Addressing the housing shortage, particularly in London and the Southeast, is a vital part of this. There simply is not enough available land on which to build, and green belt legislation, though designed to allow people living in cities space to breath, has become restrictive and is in need of modernisation. Without further provision to free up more land to build on, the young people that we need to protect the future of our economy will not be able to afford housing, and council spending on housing the homeless will continue to rise.

Business rates are also ripe for review – a property-based tax is no longer an accurate basis for taxing the activity and value of local business, in particular as this source of funding becomes increasingly important to the provision of local authority services with the phasing out of the Government’s block grant.

Demographic and funding pressures mean that the NHS no longer remains sustainable, and the integration of health and social care – recognised as critical by all key decision makers – remains more aspiration than reality.

There is an opportunity for communities to take a more holistic approach to health, for example creating healthier spaces and workplaces and tackling air quality, and to use technology to provide more accessible, cheaper diagnosis and treatment for many routine issues

Finding a better way to measure the vibrancy of places

When applied to a place we can see that traditional indicators of prosperity such as GVA, do not tell the full story. To address this we have developed a [Vibrant Economy Index](#) to measure the current and future vibrancy of places. The Index uses the geography of local authority areas and identifies six broad objectives for society: prosperity, dynamism and opportunity, inclusion and equality, health wellbeing and happiness, resilience and sustainability, and community trust and belonging.

The city of Manchester, for example, is associated with dynamic economic success. While our Index confirms this, it also identifies that the Greater Manchester area overall has exceptionally poor health outcomes, generations of low education attainment and deep-rooted joblessness. These factors threaten future prosperity, as success depends on people’s productive participation in the wider local economy, rather than in concentrated pockets.

Every place has its own challenges and opportunities. Understanding what these are, and the dynamic between them, will help unlock everybody’s ability to thrive. Over the coming months we will continue to develop the Vibrant Economy Index through discussions with businesses, citizens and government at a national and local level.

Guy Clifton – Head of Local Government Advisory

Grant Thornton publications

Our manifesto is available via the link below



<http://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/documents/creating-manifesto-vibrant-economy-draft-recommendations.pdf>

The Board: creating and protecting value

In all sectors, boards are increasingly coming under pressure from both the market and regulators to improve their effectiveness and accountability. This makes business sense given a strong governance culture in the boardroom produces better results, promotes good behaviour within the organisation and drives an organisation’s purpose.

Grant Thornton’s new report ‘The Board: creating and protecting value’ is a cross- sector review of board effectiveness, based on a survey of executives and non-executives from a range of organisations including charities, housing associations, universities, local government, private companies and publically listed companies.

It considers the challenges faced by boards, ways in which they can operate more effectively; and how to strike the right balance between value protection and value creation.

This report uses the DLMA analysis which categorises skills into four areas: Directorship, Leadership, Management and Assurance. This powerful tool provides a framework (see graph 1) with which to evaluate how well an organisation is performing in balance of skills and understanding of roles; and responsibilities between the executive and Board. It helps align risk (value protection) and opportunity (value creation) with overarching strategy and purpose.

Value creation	
Directorship How well do the non-executives: <ul style="list-style-type: none"> design, debate and decide the organisation’s future? inspire and guide the executive to realise the organisation’s purpose? provide support to the executives? 	Leadership How well do the executives: <ul style="list-style-type: none"> Make decisions aligned with realising the organisation’s purpose? Inspire and motivate employees to realise the organisation’s purpose? model the values of the organisation?
Assurance How well do the non-executives: <ul style="list-style-type: none"> monitor financial, compliance and business indicators? ensure appropriate processes are in place to manage risk? have oversight of the executive team? 	Management How well do the executives: <ul style="list-style-type: none"> set goals, creating plans and allocating resources to achieve them? effectively assign roles and responsibilities? Focus on day-to-day tasks and resources needed to deliver strategic aims?
Value protection	

Source: The Board: Creating and protecting value, 2017, Grant Thornton

Grant Thornton publications

The report is available via the link below or from your engagement team



<http://www.grantthornton.co.uk/globalassets/1.-members-firms/united-kingdom/pdf/publication/board-effectiveness-report-2017.pdf>

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ANNEXE 1

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International Consortium on Governmental Financial Management

Introduction

Grant Thornton and the International Consortium on Governmental Financial Management (ICGFM) partner every other year to perform an international survey of Public Financial Leaders.

In 2015 the theme was innovation in public financial management. This year's survey has been designed to identify and describe emerging issues around transparency and citizen engagement – building on the themes highlighted in the 2015 report.

The insights will be published in a report later in 2017 and we would be delighted if you were able to spend some time completing the brief on-line questionnaire which can be found at https://gti.qualtrics.com/jfe/form/SV_egSpNzqT3ghr701.

Please note that the ICGFM and Grant Thornton will not identify, or attribute thoughts and quotations to, individual survey respondents in the final 2017 report. This preserves your anonymity, so please respond freely, honestly and openly.



We have again partnered with the ICGFM to survey Financial Leaders

Question:

- Have you completed the ICGFM survey on transparency and citizen engagement?





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The Annual Audit Letter for Epsom and Ewell Borough Council

Year ended 31 March 2017

October 2017

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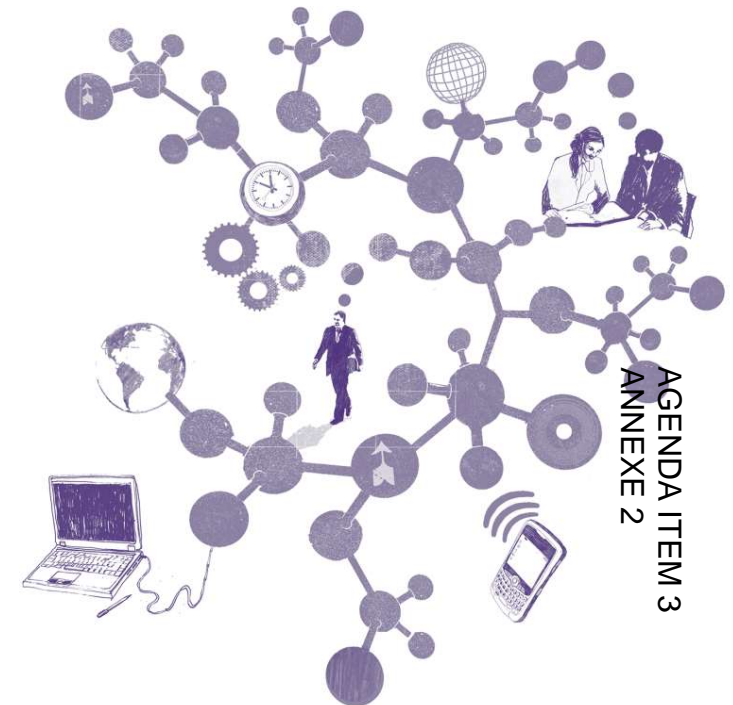
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Executive summary

Purpose of this letter

Our Annual Audit Letter (Letter) summarises the key findings arising from the work we have carried out at Epsom and Ewell Borough Council (the Council) for the year ended 31 March 2017.

This Letter provides a commentary on the results of our work to the Council and its external stakeholders, and highlights issues we wish to draw to the attention of the public. In preparing this letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice (the Code) and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'.

We reported the detailed findings from our audit work to the Council's Strategy and Resources Committee (as those charged with governance) in our Audit Findings Report on 26 September 2017.

Our responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council's financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council financial statements, we comply with International Standards on Auditing (UK and Ireland) (ISAs) and other guidance issued by the NAO.

Our work

Financial statements opinion

We gave an unqualified opinion on the Council's financial statements on 27 September 2017.

Value for money conclusion

We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources during the year ended 31 March 2017. We reflected this in our audit opinion on 27 September 2017.

Certification of grants

We also carry out work to certify the Council's Housing Benefit subsidy claim on behalf of the Department for Work and Pensions. Our work on this claim is not yet complete and will be finalised by 30 November 2017. We will report the results of this work to the Strategy and Resources Committee.

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

Grant Thornton UK LLP
October 2017

AGENDA ITEM 3
ANNEXE 2

Audit of the accounts

Our audit approach

Materiality

In our audit of the Council's accounts, we applied the concept of materiality to determine the nature, timing and extent of our work, and to evaluate the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for our audit of the Council's accounts to be £802k, which is 2% of the Council's gross revenue expenditure. We used this benchmark, as in our view, users of the Council's accounts are most interested in how it has spent the income it has raised from taxation and grants during the year.

We did not identify any items where we decided that a separate materiality level was appropriate.

The scope of our audit

Our audit involves obtaining enough evidence about the amounts and disclosures in the financial statements to give reasonable assurance they are free from material misstatement, whether caused by fraud or error. This included assessing whether:

- the Council's accounting policies are appropriate, have been consistently applied and adequately disclosed;
- significant accounting estimates made by the acting Director of Finance and Resources are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the narrative report and annual governance statement to check they are consistent with our understanding of the Council and with the accounts included in the Statement of Accounts on which we gave our opinion.

We carry out our audit in line with ISAs (UK and Ireland) and the NAO Code of Audit Practice. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the Council's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

Audit of the accounts – Epsom and Ewell Borough Council

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Operating expenses We identified the completeness of non- pay expenditure in the financial statements as a risk requiring particular audit attention:</p> <ul style="list-style-type: none"> creditors and accruals understated or not recorded in the correct period. 	<p>As part of our audit work we:</p> <ul style="list-style-type: none"> documented our understanding of processes and key controls over the transaction cycle; undertook walkthrough of the key controls to assess the whether those controls were in line with our documented understanding; reviewed year end account reconciliations; sample tested operating expenditure during the year; tested the year end payables; tested for unrecorded liabilities and manual accruals. 	<p>Our audit work did not identify any significant issues in relation to the risk identified.</p>
<p>Employee remuneration We identified the completeness of payroll expenditure in the financial statements as a risk requiring particular audit attention:</p> <ul style="list-style-type: none"> employee remuneration accruals understated 	<p>As part of our audit work we:</p> <ul style="list-style-type: none"> documented our understanding of processes and key controls over the transaction cycle; undertook walkthrough of the key controls to assess the whether those controls were in line with our documented understanding; reviewed year end reconciliations of the payroll to the ledger; completed sample testing of payroll transactions during the year; completed directional analytical review using trend analysis. 	<p>Our audit work did not identify any significant issues in relation to the risk identified.</p>

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Audit of the accounts continued – Epsom and Ewell Borough Council

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of property, plant and equipment</p> <p>The Council revalues its assets on a rolling basis over a five year period. The Code requires that the Council ensures that the carrying value at the balance sheet date is not materially different from the current value. This represents a significant estimate by management in the financial statements.</p>	<p>As part of our audit work we:</p> <ul style="list-style-type: none"> reviewed management's processes and assumptions for the calculation of the estimate; reviewed the competence, expertise and objectivity of management experts; reviewed the instructions issued to valuation experts and the scope of their work; discussed with the valuer, the basis on which the valuation was carried out and challenged key assumptions; reviewed and challenged the information used by the valuer to ensure it was robust and consistent with our understanding; tested revaluations made during the year to ensure they were inputted correctly into the Council's asset register; evaluated the assumptions made by management for those assets not revalued during the year and how management satisfied themselves that these were not materially different to current value. 	<p>Our audit work did not identify any significant issues in relation to the risk identified.</p>
<p>Valuation of pension fund net liability</p> <p>Your pension fund asset and liability as reflected in your balance sheet represents a significant estimate in the financial statements.</p>	<p>As part of our audit work we:</p> <ul style="list-style-type: none"> documented the controls put in place by management to ensure that the pension fund liability is not materially misstated; reviewed the competence, expertise and objectivity of the actuary who carried out your pension fund valuation. We gained an understanding of the basis on which the valuation is carried out; undertook procedures to confirm the reasonableness of the actuarial assumptions made; reviewed the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from the actuary. 	<p>Our audit work did not identify any significant issues in relation to the risk identified.</p> <p>We used an auditor's expert to provide assurance on your actuary's work. Our expert concluded that the assumptions used by the actuary to be reasonable.</p>

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AGENDA ITEM 3
ANNEXE 2

Audit of the accounts

Audit opinion

We gave an unqualified opinion on the Council's accounts on 27 September 2017, in advance of the 30 September 2017 national deadline. The draft financial statements for the year ended 31 March 2017 recorded 'Other Comprehensive Income and Expenditure' of £2,156k and our work has not resulted in a change to the reported position.

The Council made the accounts available for audit in line with the agreed timetable, and provided a good set of supporting working papers.

Key messages arising from the audit of the accounts

We reported the key messages from our audit of the accounts of the Council's accounts to the Strategy and Resources Committee on 26 September 2017 which included the following:

- the draft statements presented for audit on 3 June 2017 was free of material errors. However, improvements will need to be made to the quality review process to eliminate the number of minor disclosure errors within the draft accounts;
- working papers was provided in a timely manner and supported the disclosures in the accounts. However, working papers for debtors, creditors and prepayments in the NNDR system needed to be improved to provide a detailed breakdown of the balance at an individual level; and
- officers were supportive to our audit requests and provided additional information throughout the audit.

Annual Governance Statement and Narrative Report

We are required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website with the draft accounts in line with the national deadlines.

Both documents were prepared in line with the relevant guidance and were consistent with the supporting evidence provided by the Council and with our knowledge of the Council.

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice (the Code), following the guidance issued by the NAO in November 2016 which specified the criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the key risks where we concentrated our work. As a result of our risk assessment, we reported to the Strategy and Resources Committee that we had not identified any significant risks requiring further work.

In arriving at our conclusion, our main considerations included the following:

- The Council delivered a strong financial performance during 2016/17 achieving a small underspend of £163k against net revenue budget of £7,727k. The Council had arrangements in place that monitored financial performance and the reported key variances to Council quarterly. These variances were properly disclosed to stakeholders in Section 2 of the Narrative Report.
- The Council had arrangements in place that continuously updates the medium term financial strategy (MTFS). The MTFS is updated annually and the most recent Plan covered the 4 year period from 2017/18 and 2020/21. The MTFS set out key budget assumptions which included council tax charge annual increase of £5 for a band D property and other charges by 3% annually. Along with other districts, the Council is facing reductions in central government funding, with core funding from Revenue Support Grant and retained business rates decreasing from £1,810k in 2016/17 to £783k by 2019/20. Similar reductions in funding are expected from the New Homes Bonus allocations with the Council losing up to £890k in 2018/19 when compared to prior year.

- At the time of writing the Audit Findings Report (August 2017), savings and development of new income streams had been identified of £1,726k over the 4 year period 2017/18 to 2020/21 as part of the budget process. The Council had identified the need for a further savings of around £790k between 2018 and 2020 to achieve a balanced budget by 2020/21. Work is continuing to identify the required medium to longer term savings and it included the consideration of alternative income generation plans. During 2016/17, the Council purchased two additional investment properties with a total value of £19,213k taking the year end fair value to £41,437k per Note 16 to the accounts.
- Over the same period, the net rental income from investment properties increased from £1,138k to £1,402k. The purchase of investment properties was largely funded by borrowing and we noted that full Council approved borrowing limit could be increased up to £80 million to fund further property acquisitions. To ensure robust governance arrangements, there needs to be regular reporting of the investment decision returns and risks.
- The Council's risk management arrangements were adequate. The Audit, Crime & Disorder and Scrutiny Committee (ACDSC) received regular reports on leadership risks and approved the new Risk Management Strategy 2017 – 2021 at its November 2016 meeting. We note Leadership risk 2 'gaps in staffing resources affecting resilience levels and the ability to deliver services' was rated high.

Value for Money conclusion - continued

- Since the last review by ACDSC, the Council had undergone some leadership changes which included the departure of the Chief Executive, the appointment of the Director of Finance and Resources as the new Chief Executive from March 2017, the Head of Financial Services as the acting Director of Finance and Resources. Additionally, key positions within finance were staffed by interim appointments such as Head of Finance and Project Accountant. With local authorities being required to bring forward in 2018, the accounts preparation and audit of the financial statement to 31 May and 31 July respectively, the Council will need to increase resilience within the finance team if it is to deliver an accurate set of accounts for audit in line with the tighter timescales

Overall VfM conclusion

We were satisfied that in all significant respects the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2017.

Appendix A: Reports issued and fees

We confirm below our final fees charged for the audit and are no fees for the provision of non audit services.

Fees

	Proposed fee £	Actual fees £	2015/16 fees £
Statutory audit of Council	44,708	44,708	44,708
Housing Benefit Grant Certification	9,773	*TBC	8,976
Total fees (excluding VAT)	54,581	TBC	53,684

Non- audit services

No non-audit or audited related services had been undertaken for the Council in the year.

The proposed fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA) .

* Audit of Housing benefit subsidy is in progress and will be completed and certified by the 30 November 2017 deadline

Reports issued

Report	Date issued
Audit Plan	4 April 2017
Audit Findings Report	26 September 2017
Auditor's opinion on accounts	27 September 2017
Auditor's value for money conclusion	27 September 2017
Annual Audit Letter	October 2017
Housing Benefit Grant Certification and report	November 2017 (planned)



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Pay and Performance: Revised Scheme

Report of the:	Head of HR & Organisational Development
Contact:	Shona Mason/Judith Doney
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Annexes/Appendices (attached):	Annexe 1: Current Pay & Performance Scheme Annexe 2: Local Government Association Summary Report Annexe 3: Turnover & Pay Statistics Annexe 4: New proposed Pay & Performance Scheme Annexe 5: Staff Consultative Groups' Formal Response (exempted from publication) Annex 6: Revised Pay & Performance Scheme Report to HR Panel 19 October 2017 (exempted from publication)
Other available papers (not attached):	Medium Term Financial Plan

Report Summary

This report provides an overview of the proposed new Pay & Performance scheme for Epsom & Ewell Borough Council to be implemented in April 2018.

Recommendation (s)

That Strategy & Resources Committee considers the recommendations of the Human Resources Panel as set out in paragraph 3 of this report and set out below as follows, that:

- 1) the proposed new Pay & Performance scheme set out in Annexe 4 be approved and adopted for implementation from April 2018;
- 2) the proposed new Pay & Performance scheme be phased in over two financial years as follows:
 - a) No cost of living increase across the board or performance pay to be made in 2018/19 and

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- b) **the Bonus A scheme be discontinued from the end of 2017/18 financial year;**
 - c) **Annual Progression on a 9 point scale be introduced in 2018/19 with assimilation from 20 Market Anchors to 12 Market Anchors;**
 - d) **All employees on SCP 9 be awarded a one off 1% (consolidated) plus a one off 1% non-consolidated payment in April 2018;**
 - e) **1% be paid across the board to all employees in 2019/20 (an increase from the proposed 0.5%)**
- 3) the National Joint Council (NJC), Local Government Single Status job evaluation scheme (Green Book) be adopted.**
- 4) the additional £64k for 2018/19 and £78k for 2019/20 to be found from within existing budgets**

1 Implications for the Council’s Key Priorities, Service Plans and Sustainable Community Strategy

- 1.1 In order for the Council to meet its key priorities it needs to employ staff to deliver services and those employees need to be paid a fair wage for the work that they do.
- 1.2 The Council needs to adopt a pay structure that is fair, transparent and competitive in order to recruit and retain staff. If this does not happen the Council will face difficulties in delivering services effectively.

2 Background

- 2.1 During 2016/17, the Council committed via the Joint Staff Committee/HR Panel and Strategy & Resources Committee to formally review the Council’s Pay & Performance Scheme.
- 2.2 The current scheme is attached in **Annexe 1**.
- 2.3 The Local Government Association were invited to support the review and their original summary report is attached in **Annexe 2**.
- 2.4 The reasons for the review are set out in **Annexe 6 (exempt from publication)**.

3 Recommendations of the HR Panel

- 3.1 Having reviewed the proposed new Pay and Performance scheme and reviewed the feedback from staff collated as part of the consultation undertaken by the Staff Consultative Group, members of the HR Panel recommended to Strategy and Resources Committee that:

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- 3.1.1 the proposed new Pay & Performance scheme set out in Annexe 4 be approved and adopted for implementation from April 2018;
- 3.1.2 the proposed new Pay & Performance scheme be phased in over two financial years as follows:
 - No cost of living increase across the board or performance pay to be made in 2018/19 and
- 3.1.3 the Bonus A scheme be discontinued from the end of 2017/18 financial year;
- 3.1.4 Annual Progression on a 9 point scale be introduced in 2018/19 with assimilation from 20 Market Anchors to 12 Market Anchors;
- 3.1.5 All employees on SCP 9 be awarded a one off 1% (consolidated) plus a one off 1% non-consolidated payment in April 2018;
- 3.1.6 1% be paid across the board to all employees in 2019/20 (an increase from the proposed 0.5%)
- 3.1.7 the National Joint Council (NJC), Local Government Single Status job evaluation scheme (Green Book) be adopted.

4 Proposals

- 4.1 The Strategy & Resources Committee approve the proposed new Pay & Performance scheme as outlined in **Annexe 4**.
- 4.2 The Strategy & Resources Committee approve the additional £64k for 2018/19 and £78k for 2019/20 from within existing budgets.

5 Financial and Manpower Implications

- 5.1 The Financial & Manpower implications are outlined in section 8 of Annex 6.
- 5.2 **Chief Finance Officer's comments:** *The updated Medium Term Financial Strategy submitted to Council in February 2017 included a provision of £182,000 for an increase in the pay bill for 2018/19. A similar amount has been included for 2019/20.*
- 5.3 *The proposed pay settlement for 2018/19 is likely to cost £246,000: an increase in the expected cost of pay of £64,000. This additional cost, if supported will need to be found from additional savings or income incorporated into the 2018/19 budget.*
- 5.4 *The proposed pay settlement for 2019/20 is expected to cost £260,000. This is also in excess of that anticipated within the MTFs by £78,000 which, if supported, will need to be found from within existing budgets or from additional income.*

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5.5 *The forecast position in the MTF5 shows that the Council needs to deliver savings/additional income of over £600,000 in 2018/19 and £1 million in 2019/20 in order to deliver a balanced budget with no use of working balances for these 2 financial years.*

5.6 *The Council has identified the majority of these savings but at the time of writing this report still needs to identify further savings of £100,000 for 2018/19 and £500,000 for 2019/20.*

6 Legal Implications (including implications for matters relating to equality)

6.1 In 2015 the Council carried out a review of its Pay and Performance scheme which was undertaken by the LGA. The review identified areas that needed to be addressed such as too many grades, inadequate differentials between the spinal column points and a complex appraisal scheme. This has culminated in the recommendations within this report.

6.2 There have been no equal pay claims in the last four years.

6.3 ***Monitoring Officer's comments:*** *The legal issues have been addressed in the body of the report. Whilst I do not necessarily agree with some of the LGA advice/analysis, there clearly are matters to address. For example, the LGA felt that the Council may be vulnerable to an age discrimination claim based on the use of nine spinal column points per market anchor. I do not consider this to be the case on this basis alone. If left unaddressed, it is possible that some of the issues identified by the LGA could give rise to claims in the future. The proposals in the report mitigate the risk of future claims being made.*

7 Sustainability Policy and Community Safety Implications

7.1 There are no implications for this report.

8 Partnerships

8.1 There are no implications for this report.

9 Risk Assessment

9.1 Failure to agree a revised Pay & Performance scheme is likely to lead to increased turnover and difficulties in recruitment and retention of staff, as well as contribute to low staff morale.

10 Conclusion and Recommendations

10.1 The Committee is requested to endorse the HR Panel's recommendation to implement the new Pay & Performance scheme and agree to the additional funds to implement the proposal.

10.2 The Committee is requested to endorse the HR Panel's recommendation to implement the National Joint Council (NJC), Local Government Single Status job evaluation scheme (Green Book).

Ward(s) Affected: (All Wards);

EPSOM AND EWELL BOROUGH COUNCIL PAY & APPRAISAL SCHEME

PAY

The pay scheme of Epsom and Ewell Borough Council has two elements:

- Market Pay
- Performance Pay made up of Progression and Bonus pay

Role Profiles

Each role within the Council has a *role profile* that is written by the relevant line manager.

Role profiles are updated annually at appraisal time. It is the responsibility of the employee and the manager to keep it relevant and up-to-date.

Role profiles should be sent electronically for the HR Department to keep.

Market Pay

- EEBC pay is based on 'market pay', i.e., it depends on the performance of salaries in the public and private sector businesses.
- The '*market pay ranges*' for individual and/or generic job roles, that spread across the 3 broad bands, are modelled on approximately 35 '*market anchors*' and their relevant pay ranges; these '*market anchors*' are the agreed '*benchmark*' roles of the organisation.
- Periodically the Council will review the salary information of other authorities in the Southeast and the private sector where applicable.
- The outcome of a review may be that there is no evidence for a market related base pay increase for any staff.
- More likely is that some areas will indicate the need for some increase whilst others remain static.
- If the market changes and an individual's pay range declines below the current salary, the individual employee's pay will not be reduced. Their pay will however be frozen until their market range catches up.
- The review will be co-ordinated by the Director of HR and Communication using both external and internal research methods, whichever is the more appropriate and efficient at the time. (There will normally be a review every other year).
- The review will be of base pay only. Base pay is defined as basic pay before any additions e.g. overtime.
- The Staff Consultative Group will be given an overview of the findings and will be given a chance to make their own representation through the Joint Staff Committee to the Council about these findings before any final decision on potential market pay increase is made.

- At the beginning of any recruitment campaign, the salary quoted on the advert must be attached to the appropriate market anchor and will normally be the minimum of the range.
- If a manager finds that they consistently have to advertise above the mid point of a range in order to successfully recruit, or that they have a high staff turnover that is related to pay, it is probably an indication that the pay range has fallen out of line with the market and should be reviewed. The manager of the relevant service area, with backing from their line manager, should bring this to the attention of HR. How quickly the market anchor is reviewed will always depend on the level of urgency/crisis and available funding etc.
- Each April Division Heads will be given a list of the pay ranges of employees within their service area by the HR function.

Performance Pay

General Principle

Performance pay is made up of two elements, progression and bonus and is not automatic. The aim of the scheme is quite specific in seeking to reward high performance.

An employee's performance is rated, at the end of each financial year, on their achievement against the agreed objectives and competencies for that year.

To qualify for a performance payment, staff must have been in post at the end of the financial year and on or before 1st October of the previous year.

Employees who have been internally promoted will have their performance assessed by both the old and new manager and an overall rating agreed between the 2 managers. Typically, that employee is unlikely to receive a '*progression payment*' in a year where they have received a base pay increase due to internal promotion. However they could be entitled to a one off bonus payment for exceptional performance.

Progression Pay

A recommendation for progression will typically be made in recognition of **sustained** performance throughout the year. The assessment will be made against the objectives and competencies set out in Appraisal process.

- Recommendation for progression is not automatic and will be considered on an annual basis.
- To be considered for progression a manager will have to justify the recommendation for an individual during the appraisal process.
- To be recommended for progression staff must have achieved a minimum overall rating of AC/EX (or EX/AC) for objectives and competencies in addition to an EX rating for one of the following: - 'Contribution to the team', 'Attendance', 'Timekeeping' or 'Conduct' using the descriptors provided.

- No rating on the appraisal form must be below AC i.e. there must be no MI or PA rating.
- Employees who have periods of absence such as maternity/parental leave or long term sickness for an operation or specific condition e.g. cancer, heart attack etc. or one covered by the Equalities Act 2010 and meet all the other criteria for progression could be considered for progression pay.
- All final ratings are subject to validation by the Corporate Management Board (CMB) to ensure a fair application across the Council.

Bonus Pay

The total budget available for bonus payment in any year is a fixed sum. The annual value of a high performer's bonus can therefore vary from year to year, from £25 through to 2½% of base pay.

In an employee's first year of service (for those starting before 1st October) regardless of continuous service with another authority, any bonus payment under scheme B or C below will be pro rated for the full months completed at Epsom and Ewell.

Employees who are in their probationary period are not eligible for any Bonus Pay.

Employees who have been on long term sick leave, maternity, paternity or adoption leave could still qualify for a bonus payment, but this will normally be pro rated to the number of whole months of the year that they have attended work.

Three types of bonus are now possible:-

Bonus Scheme A – instant reward to be operated entirely at the discretion of the Service Head

- Scheme A is made up of a small allocation of money at the beginning of each financial year to each Service Head for the instant recognition and rewarding of their staff for good performance.
- Managers/Supervisors can make recommendation to their Service Head for the recognition/reward of members of staff.
- For audit and tax reasons the money allocated cannot be used by the Service Head for the purchase of consumables (e.g. lunch, drinks, ice cream etc.) otherwise there are no specific criteria for the allocation but bearing in mind the principles below:-
 - Service Heads would decide how to allocate the money. The limit for tax and audit purposes is £25.
 - No one employee should be given more than one award in any year due to tax implications.
- Service Heads would be accountable for their decisions and HR keep records which could be the subject of an audit at anytime during the year.
- Any award of cash or gift vouchers is considered by the Inland Revenue to be a perk and would therefore be subject to tax. To get around this problem and

maintain the ability of Service Heads to reward staff instantly, staff can choose a gift from the Marks & Spencer website to a maximum limit of £25. In this case there is no tax implication.

- Bonus A can be awarded at any time in the financial year.
- Any allocation not used by the end of the financial year will be used as part of Bonus Scheme B and/or C

Bonus Scheme B – Operated at the discretion of Directors it will be based on recommendation from Managers.

- Bonus scheme B will be considered as a one-off payment for staff who have reached the maximum of their Market Anchor and are therefore not able to achieve 'progression'.
- The award could be between 0.5% and 2½% of basic pay.
- In theory an employee earning this type of bonus could also have earned a Bonus A, however the reasons for this award must not be the same reason as for the instant award.
- To qualify for this award, the employee would have to be at the top of their market anchor grade but otherwise have fulfilled all the criteria for Progression.

Bonus Scheme C – Operated at the discretion of Directors it will be based on recommendations from Managers.

- This final bonus scheme will be used to reward exceptional performance by individuals or teams and is in addition to Progression Pay.
- By exceptional performance, it means those individuals or teams who have contributed significantly to the Council's achievement of its objectives.
- The award in this case could range from a fixed amount to between 0.5% up to 2.5% depending on the numbers of staff being recommended.
- In theory an employee earning this type of bonus could also have earned the two previous bonus' however, the reasons for this award will be over and above the reasons given in schemes A and B.
- The contribution under this category would require Managers to demonstrate how an individual or a team has saved the Council money, generated income, improved a service or gone beyond the call of duty over and above anything rewarded by schemes A and B.
- Directors will have the final say as to whether an individual or teams meet this harder test.

When else may employees be considered for a base pay increase?

The only other possibility to award a base pay increase will be for the following reasons.

- An internal promotion to a job of significantly increased responsibility i.e. additional duties will not fall into the progression category.
- For other types of development or additional commitment like the following;

- Extra duties within an employee's existing remit
- Acting up
- Secondments
- Gaining professional qualifications (i.e. Externally verified qualifications that require dedicated studying to achieve)

NB: The performance scheme does not accommodate mid year bonuses or base pay increases during the financial year other than that stated in this policy.

Any change to a person's salary has to be authorised by a Director before passing to HR for processing.

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Overview of LGA Review of EEBC's Pay and Performance Scheme

The Local Government Association (LGA) were asked to provide an initial review of the current pay and reward systems used by EEBC and provide general observations relating to pay, pay progression, bonus and appraisal.

The LGA noted that there are two parts to the pay package at EEBC, the pay structure (Market Anchors) and the method of pay progression (performance related pay).

Below are the key points raised by the LGA.

Pay Structure

- There are 20 Market Anchors (grades) in use by EEBC covering all staff from the Chief Executive down to former manual worker posts such as Kitchen Assistants. For a council employing around 310 staff this is a relatively high number.
- Typically a council of this size and complexity would use between 10 and 15 grades.
- Each Market Anchor contains 9 spinal column points. The LGA noted that a typical number of spinal column points is 5. They noted that incremental steps are very small, after tax the monthly increase when moving up from point 1 to point 2 in Market Anchor 20 would be around £20 for a full time employee. Increases as small as this, are unlikely to act as a motivator or retention incentive for employees.
- The distribution of salary across the market anchors is inconsistent and overlaps in some circumstances.

Conclusion

Based on the above the LGA recommend that the whole grading structure is reviewed and replaced by a structure that; is simple and transparent; logical; motivates staff; and, provides a retention incentive to employees.

Pay progression

- EEBC has a clear policy of linking pay progression to performance. However there is also the possibility of gaining additional reward by the achievement of additional competencies or by exceptional contribution. This potentially makes for a confusing and complex reward system.
- Any system should be simple, transparent and deliver benefits that outweigh the cost of its use.
- It should motivate staff to higher levels of performance. The very small incremental steps do not act as a motivational incentive.

- The appraisal scheme is fairly standard but because managers have a number of options to consider when reviewing, performance, competence and contribution it is time consuming and likely to lead to inconsistency of approach.

Conclusion

Based on the above the LGA recommend that following a full review of the grading structure the council simplifies the system for additional payments with all bonus schemes reviewed.

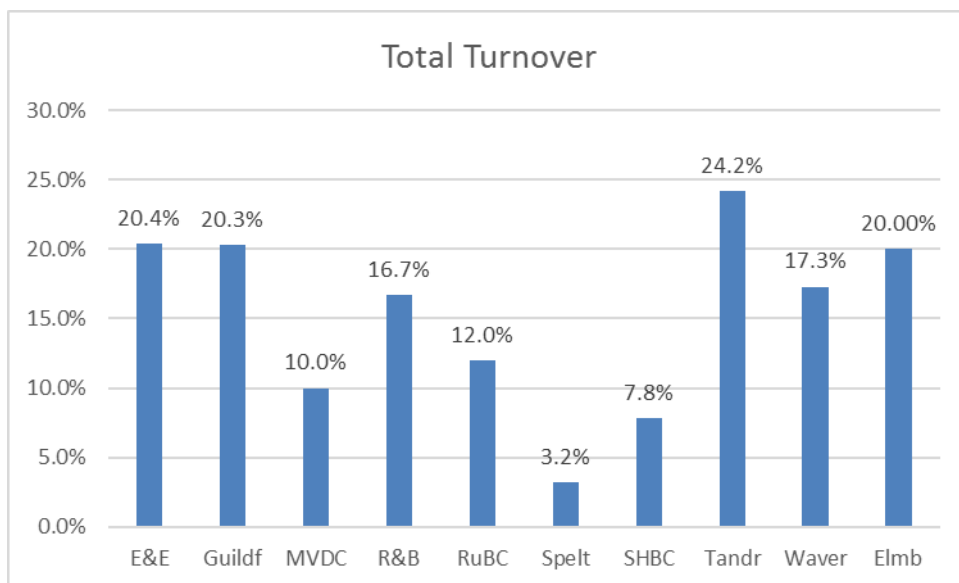
Statistical Information

The following information provides back ground on turnover and recruitment.

Turnover rates for EEBC over the past three years are shown in the table below:

	Resignations only	Total Leavers	CIPD Median Labour Turnover
EEBC 2014-15	31 (9.9%)	48 (15.3%)	9.8 %
EEBC 2015-16	38 (12.1%)	52 (16.6%)	13.6%
EEBC 2016-17	41 (13.3%)	58 (20.4%)	16.5%

The following graph shows the total turnover rates for the other Surrey Authorities in 2016/17.



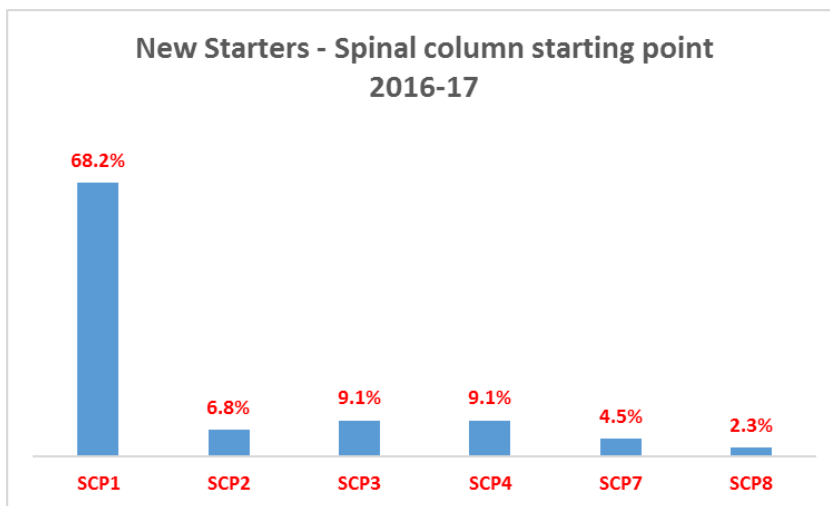
Resignations have predominantly been from those who have been employed under 2 years with 17 resignations, between 2- 5 years 11 resignations, between 5-10 years – 7 resignations and 10+ years 6 resignations.

Recruitment has increased in 2016/17 with 69 campaigns and 82 offers of employment. Out of the 82 offers 61 accepted and 19 declined offers (23.1%) with 2 offers withdrawn. There were 12 campaigns where no appointment made (17.4%).

Based on these figures the associated costs of recruitment are as follows:

- £64285 (inclusive of JGP Subscription)
- £932 per campaign
- £784 per offer
- Cost of no appointments made £11184 (not including time, effort and energy)
- Cost of declined offers £14896 (not including time, effort and energy)

It is the Councils Pay Policy that all appointments will be made at the bottom of the scale unless there is justification to appoint above. This is becoming more common in order to secure candidates who are not willing to join at the bottom of the scale. Some appointments are made further up the scale resulting in limited room for progression. On some occasions we are having to appoint at spinal column 8 and 9. The chart below shows the distribution of appoints and their starting spinal column point.



**EPSOM AND EWELL BOROUGH COUNCIL
NEW PROPOSED PAY & PERFORMANCE SCHEME**

PAY

The pay scheme of Epsom and Ewell Borough Council has two elements:

- Market Pay - Benchmarking
- Annual Progression

Role Profiles

Each role within the Council has a role profile that is written by the relevant line manager.

Role profiles are updated periodically during My Performance Conversations. It is the responsibility of the employee and the manager to keep it relevant and up-to-date.

Role profiles will be used to evaluate jobs using the Local Government Job Evaluation Scheme. Roles will be evaluated by a small team of individuals who are trained in job evaluation.

Market Pay - Benchmarking

EEBC pay is based on market pay, i.e., it depends on the performance of salaries in the public sector. The market pay ranges for individual and/or generic job roles is spread across 3 broad bands and are modelled on 12 grades.

Periodically the Council will review the salary information of other authorities in the Southeast. The outcome of a review may be that there is no evidence for a market related base pay increase for any staff. More likely is that some areas will indicate the need for some increase whilst others remain static.

The review will be co-ordinated by the Head of HR & OD using both external and internal research methods, whichever is the more appropriate and efficient at the time. (There will normally be a review every other year). The review will be of base pay only. Base pay is defined as basic pay before any additions e.g. overtime.

Epaycheck is the national online pay benchmarking service developed for the public sector by the public sector. Councils who have joined the Epaycheck community securely share and compare their pay data with that of other councils, across hundreds of common roles within the sector.

Epaycheck is delivered in partnership with the Local Government Association and it provides access to current information to support pay negotiations and a means of tracking the effects of pay changes on key job groups. EEBC has signed up to this facility and will use the database as the main source for pay data.

If for any reason the pay data available on Epaycheck is insufficient then additional data will be collected directly from the comparator group.

For pay benchmarking purposes the local authority comparator group will comprise of District & Borough Councils in the South East Region

The Staff Consultative Group will be given an overview of the findings.

If the market changes and an individual's pay range declines below the current salary, the individual employee's pay will not be reduced for a period of two years. Their pay will be protected and remain the same for a period of two years to allow employees time to make any necessary adjustments to their income. During the two year protected period, if any cost of living is awarded, those employees in a protected period will not have the cost of living award applied. After the two year period, if the salary continues to be below the market, the salary will be lowered to the market rate.

Annual Progression

The aim of annual progression is to reward employees who have done a good job and contributed to the Council's achievements as outlined in the Corporate Plan and Service Delivery Plans.

Annual progression will be awarded to employees who are in post at the end of the financial year and on or before 1st October of the previous year, based on a recommendation by their manager as a result of regular My Performance Conversation.

Employees who have been internally promoted will be awarded annual progression in line with the above, on a recommendation by their manager as a result of regular My Performance Conversation.

A recommendation for progression will typically be made in recognition of sustained performance throughout the year. The assessment will be made by the manager in line with the My Performance Conversation guidance.

Recommendation for progression is not automatic and will be considered on an annual basis.

Other Salary Increases

Base pay increases may be applied for the following reasons and will be reviewed on an annual basis where appropriate:

- An internal promotion to a job of significantly increased responsibility i.e. additional duties will not fall into the progression category.
- For other types of development or additional commitment like the following;

- Extra duties within an employee's existing remit
- Acting up
- Secondments
- Gaining professional qualifications (i.e. Externally verified qualifications that require dedicated studying to achieve)
-
- Development plans and career grades
- Allowances e.g. additional responsibility, retention

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By virtue of paragraph(s) 4 of Part 1 of Schedule 12A
to the Local Government Act 1972.

AGENDA ITEM 4
ANNEXE 5

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Borough Insight

Report of the:	Head of HR & Organisational Development
Contact:	Mark Rouson/Riquita D'Souza
Urgent decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Annexes/Appendices (attached):	None
Other available papers (not attached):	None stated

Report Summary

This report sets out the benefits of producing the Council's magazine Borough Insight for our community. It seeks approval from the Committee to continue with the production of the magazine in the current formats and frequency.

Recommendation (s)

That:

- 1 Borough Insight continues as a printed magazine delivered to households and venues in the Borough three times a year.**
- 2 The Council continues to produce e-Borough Insight in-house and continues to endeavour to increase views and subscription numbers.**
- 3 The above to be produced within an annual budget of £27,000**

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

- 1.1 Communications with residents about the work of the council, especially in the context of service delivery changes, is highly important.
- 1.2 The Council's key priorities all require messages to, and engagement with, our community if services are to be successfully delivered.
- 1.3 The majority of our service plans include a communications aspect with residents – Borough Insight is a principle tool used to meet this requirement.

2 Background

- 2.1 The government's Code of Recommended Practice on Local Authority Publicity (the 'Publicity Code') sets out provisions in relation to our communications. These provisions include seven principles, namely that publicity should be lawful, cost effective, objective, even-handed, appropriate, have regard to equality and diversity, and be issued with care during periods of heightened sensitivity (eg elections). Borough Insight meets the requirements and the stipulations of the Publicity Code.
- 2.2 Information given by us to third parties (eg the press) for residents is likely to be interpreted and edited – Borough Insight content is totally within our control.
- 2.3 There has been a decline in local media across the UK. Members are well aware of the merits and otherwise of the local media currently available to borough residents. Borough Insight is one of the ways we can ensure our news can be delivered to residents, some of whom we cannot reach in any other way.
- 2.4 Borough Insight has been produced in different formats since 1992. Since its inception, we have introduced a colour magazine, recycled paper and advertisements. We introduced an electronic, monthly, version in 2014 to supplement the printed magazine.
- 2.5 The printed magazine is delivered to the majority of homes in the Borough. Additional copies are bulk delivered to community hubs (our venues, libraries, GP surgeries, etc). Advertising is used as a way of decreasing our costs
- 2.6 We deliver the printed version to 32,000 addresses. The magazine is printed and distributed three times a year.
- 2.7 The delivery target is 98%. Some homes specify no junk mail etc. and Borough Insight is not delivered to those properties. Delivery to blocks of flats can also be problematic. The most effective and cost efficient delivery method has proven to be via postcode areas. There are a few streets where the postcode is shared between this Borough and another Borough/District. Where the majority of households in a street lie outside the Borough, the magazine is not delivered to any households in that street. Conversely, if the majority of households are within the Borough, all households in that street, including those not technically within the Borough, received the magazine. This is the most cost effective/cheapest option. Officers maintain a small mailing list of residents who do not receive the magazine as a result of this but have requested copies.

- 2.8 The contract for the magazine is regularly reviewed to ensure best value for money. Costs of the physical magazine, have been
- 2016-17: £23,247 (23p per copy)
 - 2015-16: £23,278
 - 2014-15: £22,747
 - 2013-14: £23,382
- 2.9 Advertising revenue is around £5,400 a year
- 2.10 Delivery accounts for 50% of costs.
- 2.11 As part of their efforts to reduce expenditure, many councils have chosen to terminate their physical magazines. This includes Surrey County Council who wound-up Surrey Matters earlier this year (the digital version is still produced).
- 2.12 Since production of hard copies of Surrey Matters ceased, the Council's Comms team has received a significant increase in requests from the County Council for information to be shared via this Council's comms channels. In the four week period commencing 17 September, this Council was asked to promote the following issues:
- Get on-line week (Surrey libraries)
 - Stoptober (Healthy Surrey)
 - Apply for your Blue Badge online
 - Countryside car park charge survey
 - Adoption week
 - Renew library books online (Surrey libraries)
 - Surrey Information Point website (social care)
 - Eat Out Eat Well this half term (trading standards)
 - The Annual Architecture Lecture (Surrey University)
 - Halloween clothing CE marked (trading standards)
 - Winter Wellbeing (Health Surrey)
 - Roadworks matters (Surrey Highways)
 - Food recycling (Surrey Waste Partnership)
 - Winter wellbeing (Surrey Prepared)
- 2.13 Not producing a physical magazine presents challenges in reaching certain demographics as the digital alternatives have not been adopted by some (principally older) and others do not want our information as part of their social networks. However there is also no guarantee that the printed version is read by those who receive it.
- 2.14 The monthly digital version of Borough Insight has four core objectives:
- To be able to provide up-to-date information around the tri-annual printed version

- To accommodate the volume of information provided by partner agencies which we do not have room for in the printed copy (this has significantly increased as others have stopped their magazines)
 - To meet the growing requirement for digital communications
 - To position a digital replacement for the printed magazine
- 2.15 We currently we achieve around 10,000 views per month, these are from the subscription base and from direct links from our social media activities.
- 2.16 The current cost for producing the monthly digital magazine is less than £200 per year. However, this will rise if we successfully significantly raise subscription numbers.
- 2.17 Other costs associated with Borough Insight (digital and physical) include the costs of using a image library (aprox £1000 per year).
- 2.18 We are working on a presumption that, with price increases to delivery and paper, etc, the cost of the physical issue will rise from aprox 23p to 25p over the next two years.
- 2.19 In order to better understand residents' views on Borough Insight we conducted a survey over the summer.
- 2.20 To reduce costs, and to target readers so that we received quality responses, we did not use the citizens' panel for this exercise. Over 100 people responded to the survey, representing a good range of ages (25 – 94).
- 2.21 Highlights of the findings are:
- 75% of respondents rated Borough Insight 'Excellent' or 'Good'
 - 91% of respondents agreed that Borough Insight was easy to understand
 - 50% of respondents had either attended an event or used a council service having read about it in Borough Insight
 - 70% of respondents thought that having the paper copy delivered three times a year was about right (12% responded that the Council should not produce the paper magazine)
 - 75% agreed that Borough Insight was a good way of finding out about our services
 - 87% agreed that Borough Insight 'tells me about local events'

- Three in number stated that Borough Insight was a waste of money and another three in number stated it should be on-line only.

3 Proposals

- 3.1 We continue to produce Borough Insight as a printed magazine delivered to households and venues in the borough three times a year, acknowledging the cost implication (which will rise in line with postal increases and other inflation factors). Officers go out to tender in the normal way to place a new two or three-year contract for the production and delivery of the magazine
- 3.2 We also ask your approval to continue the production of the monthly e-borough insight (11 issues per year).

4 Financial and Manpower Implications

- 4.1 There are no manpower implications. The current communications team, who create content for and manage Borough Insight, have other communications duties if the decision was made to cease production there would be additional workload as they endeavour to promulgate council messaging.

All costs are budgeted within the medium term financial strategy.

- 4.2 **Chief Finance Officer's comments:** The cost of the proposal to continue production of Borough Insight is within the existing £27,000 annual budget provided for in the Medium Term Financial Strategy.

5 Legal Implications (including implications for matters relating to equality)

- 5.1 Borough Insight is written to Plain English principles. Text in the printed version is minimum 11pt and the magazine is reproduced on-line on the Council's website in a format that allows the document to be increased in size by 200%. These factors are considered minimum best practice for ease of reading for those with sight difficulties.

- 5.2 **Monitoring Officer's comments:** *There are no significant legal implications arising from this report. The legislation and guidance around local authority publicity are considered in paragraph 2.1 above.*

6 Sustainability Policy and Community Safety Implications

- 6.1 The magazine is produced within a sustainable ethos; waste is kept to a minimum, stock has Forest Stewardship Council (FSC) accreditation, inks used are environmentally friendly and alcohol free, and the magazine is recyclable.
- 6.2 Borough Insight is one of the channels for Council information, including community safety communication.

7 Partnerships

7.1 n/a

8 Risk Assessment

8.1 n/a

9 Conclusion and Recommendations

9.1 It is important to offer a number of channels to deliver the council's messages, especially with the continual decline of local press. Borough Insight offers an opportunity to ensure appropriate communication with each household in the Borough.

9.2 There is a cost to producing (and delivering) a physical magazine which has to be justified in the present financial circumstances.

9.3 Digital is the way forward but feedback indicates that there is a strong wish by some residents to keep the physical magazine

Ward(s) Affected: (All Wards);

Planned Maintenance 6 Month Update

Report of the:	Head of Property
Contact:	Tony Foxwell
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Annexes/Appendices (attached):	Annexe 1: 2017/18 Current Monitoring Report Annexe 2: 2017/18 approved programme
Other available papers (not attached):	None stated

Report Summary

The report reviews progress and changes to the planned maintenance programme at mid-year and advises of changes made under delegated authority.

Recommendation (s)

- (1) **Receives the current position and progress on the planned maintenance programme**
- (2) **Notes changes made to the programme under officer delegated authority**

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

- 1.1 Ensuring that assets are protected and enhanced supports the delivery of the Council's key priorities
- 1.2 The programme supports a number of specific key priorities including measures to enhance sustainability and combat the impact of climate change
- 1.3 There is no specific key service priority for this programme

2 Background

- 2.1 The 2017/18 budget for prioritised planned maintenance repairs was set at £210k and has been supplemented by an additional £24K from the property maintenance reserve (**Annexe 2** and decision of the Strategy and Resources Committee, 4 April 2017 refers).

- 2.2 In total, including works carried forward from last year, £126,000 was drawn down from reserves and an additional £2,700 has been drawn down this financial year to create a total available budget of £339,000.
- 2.3 **Annexe 2** sets out the programme reported to this Committee at its April meeting.

3 Current Position and Progress

- 3.1 A summary of progress for each scheme is set out in the table below.

Scheme	2017/18 The Works	Forecast Spend £	Progress
Bourne Hall	Provide air conditioning to office	3,901	Complete
Ewell High Street car park	Resurfacing	38,119	Complete
Ashley Centre Car Park	Health & Safety works	0	These works now included in Capital bid for next year
Cemetery chapel	External decoration to entrance	4,689	Complete
Cox lane	External decoration & window Replacement	27,000	Due to complete end of November
Longmead Depot	Refurbishment of WC's	21,090	Complete
Various	Hard surface repairs	20,000	Ongoing at various sites
Alex Rec Main pavilion	Damp Proofing works	41,565	Complete
Auriol Pavilion	New boiler & associated works	35,000	One price received of £45k, going out to tender to try to get actual costs down to budget.
Harriers Centre	Redecorations internal & External	20,535	Complete
Asbestos	Re-inspections	7,730	Surveys complete
Fire Risk Assessments	Remedial works	12,186	Ongoing
Electrical works	Testing and remedial electrical works	45,000	Ongoing

Scheme	2017/18 The Works	Forecast Spend £	Progress
Energy Efficiency	Various improvements and repairs to meters	11,083	Ongoing
Water Efficiency	Repairs to leaks & water efficiencies	10,000	Ongoing
Watercourses	Clearance of large amounts of rubbish dumped in watercourses	4,675	Ongoing
Total		302,573	

3.2 A more detailed analysis of the current position of spend against each scheme at the end of March is set out in Annexe 1. The Strategy and Resources Committee are asked to note the progress on schemes and the changes to the programme

3.3 Please note the following changes were carried out under delegated authority:

3.3.1 Bourne Hall Lodge additional spend to carry out repairs and redecorations to original water damage in kitchen. Additional cost of £2,350.

3.3.2 Ewell High Street car Park resurfacing, tenders came in slightly more expensive than budget. Additional cost £2,546.

3.3.3 Longmead Depot toilet refurbishment, scope of works changed & tenders came in higher than budget. Additional cost £6,000.

3.3.4 Energy Efficiency works new AMR meters ordered as old meters failed. Additional cost of £6,083.

3.4 These additional changes can be funded by the saving in omitting the project at Ashley centre car park Health & Safety repairs (20k) which is now included in a Capital bid for next year.

4 Financial and Manpower Implications

4.1 Please note the budget is almost fully committed at 6 months into programme and works can be completed within the approved budget and with current manpower.

4.2 Beyond 2017/18, it should be noted that the existing base budget of £210,000 will be insufficient to continue to maintain the buildings and assets. A budget increase will be considered in the revised Asset Management Plan to be proposed by the Head of Property at a later date.

- 4.3 **Chief Finance Officer's comments:** *The budget at this stage appears to cover the completed and intended works for 2017/18. The property reserve at 01.04.17 held £402k, this balance is forecast to reduce to £297k at 31.03.18, following the use of reserves during 2017/18.*

5 Legal Implications (including implications for matters relating to equality)

- 5.1 It is important that maintenance activities are planned and undertaken in such a way so as to ensure compliance with the Council's statutory duties in respect of, for example, health and safety. It is also important to ensure that we meet our legal obligations to our landlords (where applicable), and to our tenants.

- 5.2 **Monitoring Officer's comments:** *Planning our maintenance activities is key to ensuring that our legal obligations are met in order to manage the legal risks the Council faces.*

6 Sustainability Policy and Community Safety Implications

- 6.1 Some of the works in the programme will contribute to the achievement of relevant objectives

7 Partnerships

- 7.1 There are no current partnership arrangements within the planned maintenance budget

8 Risk Assessment

- 8.1 The risks associated with completion of the programme would be the resource to carry out the projects, as long as there staff levels do not change within the projects team, the risks are judged to be manageable.

9 Conclusion and Recommendations

- 9.1 Receives the current position and progress on the planned maintenance programme
- 9.2 Notes changes made to the programme under officer delegated authority
- 9.3 Beyond 2017/18, it should be noted that the existing budget of £210,000 will be insufficient to continue to maintain the buildings and assets. A budget increase will be considered in the revised Asset Management Plan to be proposed by the Head of Property at a later date.

Ward(s) Affected: (All Wards);

Backlog maintenance and regulatory works monitor

Codes	Site	Works	2017/18 base budget	Allocation of base budget 17/18	Drawdown from reserve	2017/18 Total available budget	Q1 Virements	Revised Budget Q1	Q2 Virements	Revised Budget Q2	Revised budget Q3	Revised budget Q4	Actuals year to date	Outstanding commitments	Total actuals and commitments	Expend. Forecast	Notes
Backlog schemes																	
plm02/db002	Unallocated		175,000							0	0	0					
plm02/db002/bh035	Bourne Hall Lodge	Additional works requested by Building control to insulate roof		7,000		7,000		7,000		7,000	7,000	7,000	7,660	2,350	10,010	10,010	Works completed, additional repairs and redecorations were required to the kitchen as water damaged from original leaks
plm02/db002/bh036	Bourne Hall	Provide & fit air conditioning to office		7,000		7,000	-4,000	3,000		3,000			3,901		3,901	3,901	Air conditioning to bourne hall office has been completed
plm02/db002/ca037	Ewell High Street car park	Resurfacing			35,000	35,000		35,000		35,000			35,573	2,546	38,119	38,119	Works have been completed
plm02/db002/ca041	Ashley Centre	Works to address healthy & safety risks		20,000		20,000		20,000		20,000					0	0	on hold as included in capital bid for 18/19
plm02/db002/cem01	Cemetery Chapel	External decoration to entrance		5,000		5,000		5,000		5,000			2,893	1,796	4,689	4,689	complete
plm02/db002/cl006	Cox Lane	External decoration & window replacement		20,000	7,000	27,000		27,000		27,000			298	25,975	26,273	27,000	Windows manufactured awaiting installation date - hold up with Jupiter joes as building needs to close to carry out works safely.
plm02/db002/dp008	Longmead Depot	Refurbishment of WC			15,000	15,000	6,000	21,000		21,000			21,090		21,090	21,090	Complete
plm02/db002/ms006	Various	Hard Surfaces- repairs to car parks, parks paving walkways etc		20,000		20,000		20,000		20,000	20,000	20,000	9,080		9,080	20,000	another £10k spend to come
plm02/db002/ms008	Various	Water efficiency measures						0							0		
plm02/db002/ms012	Various	Emergency repairs to walls and fences		5,000		5,000		5,000		5,000	5,000	5,000	350	375	725	5,000	provision for unexpected occurrences
plm02/db002/pk005	Alex Rec main pavilion	Damp proofing works		30,000	10,000	40,000		40,000		40,000	40,000	40,000	26,181	15,384	41,565	41,565	Works completed
plm02/db002/pk025	Auriol Pav	New boiler & associated works		20,000	15,000	35,000		35,000		35,000					0	35,000	One price received of £45k, going out to tender to try to get actual costs down to budget.
plm02/db002/pk026	Harriers Centre	Redecoration - internal & external		15,000	10,000	25,000		25,000		25,000			20,535		20,535	20,535	complete
plm02/db002/th050	Town Hall	Upgrade controllers to BMS management system		10,000		10,000		10,000		10,000			10,333		10,333	10,333	complete
plm02 sub total			175,000	159,000	92,000	251,000	2,000	253,000	0	253,000	72,000	72,000	137,894	48,427	186,320	226,909	
Regulatory works and drainage																	
plm05/db051	Asbestos	Reinspections	15,150	-5,150		10,000		10,000		10,000	10,000	10,000	900	6,830	7,730	7,730	Surveys completed, not yet received, may be remedial works following receipt of surveys.
plm05/db049	Fire risk assessments	Remedial works	10,100	-5,100	10,000	15,000		15,000		15,000	15,000	15,000	12,060	126	12,186	12,186	Majority of FRA's have been completed. New budget from finance received for extra works following FRA's
plm05/db050	Remedial electrical works	Remedial works/5 yearly inspections	5,050	15,950	24,000	45,000		45,000		45,000	45,000	45,000	19,475	19,624	39,099	45,000	Majority of orders placed, awaiting remedial costs from more recent condition reports. There will be more spend
plm05/db055	Energy efficiency	Various improvements and repairs/renewals to meters		5,000		5,000		5,000		5,000			805	10,278	11,083	11,083	New smart meters ordered in place of old defective meters.
plm05/db056	Water efficiency	Minor improvements		10,000		10,000		10,000		10,000			5,015	1,208	6,223	10,000	Most water leaks have been repaired more works to do at Horton Country park to prevent further water loss
ldr01/da028	Watercourses		5,000	-4,700		300	700	1,000		1,000	1,000	1,000	4,675		4,675	4,675	Works ongoing depending on which watercourses have had rubbish dumped causing blockages.
plm05 and ldr01 sub total			35,300	16,000	34,000	85,300	700	86,000	0	86,000	71,000	71,000	42,930	38,066	80,996	90,674	
TOTALS			210,300	175,000	126,000	336,300	2,700	339,000	0	339,000	143,000	143,000	180,824	86,493	267,317	317,583	

FORECAST SPEND	317,583
BASE BUDGET 1718	210,300
Drawdown from reserve re C/f works	126,000
Potential drawdown from S106	0
Other drawdowns in year	2,700
Total available budget 17/18	339,000
Forecast over / (under) spend	-21,417
Balance per property reserve (61227) as at 010417	401,533
Changes to reserve in year:	
Less drawdown from reserve re c/f works	-126,000
Calculated (overspend) / underspend for year	21,417
Revised total 61227	296,950

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Proposed Planned Maintenance Programme 2017/18

Location	Proposed Works	£000s	Comment/Justification	Priority
Alexandra Recreation Ground	Damp Proofing	30	Guttering leaking, damp penetration, rot to timber, repairs required	1A
Auriol Pavilion	New boiler and associated works	20	Boiler condemned requires replacement	1A
Cox Lane Centre	External decoration and window replacement	20	Windows are rotten in exposed areas, external decorations required to maintain property	1A
Ashley Centre car park	Health and Safety risks	20	Repair and alter railings on staircases, fill openings in staircases, Replace height restriction sign	1A
Town Hall	Upgrade controllers to BMS management system	10	Over 10 years old, parts not available any more	1A
Bourne Hall	First floor Office	7	Provide and fit air conditioning to office	1A
Cemetery Chapel	Soffits and fascias	5	External decorations to entrance of Chapel	1A
Harriers centre	Redecoration - Internal & External	15	Over 12 years since any external decorations have been carried out, with new operations within building it is essential we maintain the asset.	1A
Bourne Hall Lodge	Additional works requested by Building control to insulate roof	7	Insulation required to first floor walls and loft as instructed by Building control	1A
Various	Walls and fences	5	Emergency repairs to walls and fences, these are raised by public, staff, CRM's, parking and street care as they occur throughout the year	1A
Various	Hard surfaces pathways, roads & car parks	20	Emergency repairs to surfaces, car parks, parks, council owned land and hard surfaces, these are raised by public, staff, CRM's, parking and street care as they occur throughout the year	1A
Regulatory works				
Various	Remedial electrical works/ 5 yearly inspections	45	Many issues found after 5 yearly electrical condition reports carried out, H&S	1A
Various	Remedial works following Fire Risk Assessments	5	Additional funds required to carry out repairs and alterations following risk assessment/survey	1A
Various	Energy Efficiency	5	Minor improvements to reduce energy consumption, cost for repairs and maintenance to meters and renewal where necessary	1A
Various	Asbestos	10	Asbestos reinspections	1A
Various	Water Efficiency	10	Minor improvements to reduce water consumption, repairs, water leaks, and maintenance of meters.	1A
Total		234		

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CIL JIG Local Projects Scheme

Report of the:	Head of Place Development
Contact:	Karol Jakubczyk
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Annexes/Appendices (attached):	Annexe 1: Examples of Implemented CIF Schemes Annexe 2: CIF Scheme Application Form Annexe 3: Local Projects Scheme Annual Cycle and Assessment Criteria

Other available papers (not attached):

Report Summary

The Community Infrastructure Levy (CIL) Regulations encourage collecting authorities without parish councils areas (such as Epsom & Ewell) to spend a portion of their CIL receipts on projects identified or being brought forward by local communities. We have yet to identify a mechanism for discharging this requirement. The Borough Council's CIL Joint Infrastructure Group (JIG) proposes two separate approaches, which would be run in parallel that would allow for a proportion of CIL monies to be allocated to locally identified projects.

The first of these takes a similar approach to our former Civic Improvement Fund (CIF), which successfully facilitated improvements across our three main shopping centres. The proposed revived CIF scheme would be widened out to allow bids for public realm improvements from all of the Borough's shopping areas. It is proposed that bids would be assessed against existing criteria with decisions delegated to the Head of Place Development. Bids would be considered on a first-come basis throughout the year.

The second proposal will allow Local Projects to come forward via Members - these being assessed against a set of criteria. Applications would come before the JIG before being taken to S&R for agreement. It is proposed that Local Projects would come forward on an annual cycle.

Recommendation (s)

- (1) The Committee considers the JIG's proposals for two new infrastructure funding schemes; and**
- (2) Subject to any amendments or additions these two schemes be implemented as the Borough Council's approach towards spending a proportion of CIL receipts on local communities.**

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

- 1.1 The Local Plan provides the spatial planning mechanism for the vision set out in the Sustainable Community Strategy, and it will assist in the achievement of all the Council's Key Priorities. The Community Infrastructure Levy (CIL) is the principle mechanism that will ensure that future developments contribute towards the delivery of community infrastructure that is needed to support growth.

2 Background

- 2.1 The CIL is a local tax on new development that local authorities can choose to introduce to help fund the delivery of new infrastructure across their area. The implementation of CIL is closely guided by the Community Infrastructure Levy Regulations 2010 and subsequent Amending Regulations.
- 2.2 We started work on introducing CIL during 2012; publishing our preliminary and draft charging schedules during the second half of 2013. Our draft charging schedule was the subject of an independent examination during the first quarter of 2014. Following the examination we adopted our charging schedule and commenced charging from 1 July 2014. We have responsibility as both the Charging and Collecting Authority for development taking place in the Borough.
- 2.3 The CIL Guidance encourages collecting authorities that do not have parish or town councils, such as Epsom & Ewell, to engage with the communities where development has taken place and agree with them how best to spend the 15% neighbourhood funding. This could include funding projects suggested or brought forward by local communities. The regulations simply provide that collecting authorities may use the 15 % of CIL to support the development of the Borough by funding—
 - 2.3.1 the provision, improvement, replacement, operation or maintenance of infrastructure; or

2.3.2 anything else that is concerned with addressing the demands that development places on an area. Consequently, it is within our gift to decide how we spend these funds. Currently, our total 15% Local Fund stands at around £545,000.00.

2.4 The Members of the Borough's Joint Infrastructure Group (JIG), who report to this Committee, have considered a range of proposals for identifying and allocating money from the 15% Local Fund. The JIG request that the Committee consider an approach comprised of two separate schemes that would be run in parallel with one another. These schemes would collectively allow for a proportion of monies collected through the Levy to be allocated to locally identified projects. This would meet the CIL Regulation requirements.

2.5 The two schemes being proposed by the JIG are firstly a new Civic Improvement (CIF) type scheme and secondly a Local Projects Scheme. The detail of the twin schemes is set out below.

3 The Proposals

A New Civic Improvement Fund

3.1 During the period between 2012 and early 2016, we ran funding/ grant-type scheme that had the objective of securing visual improvements shop fronts and the public realm on applicant sites in Epsom Town Centre, Ewell Village and Stoneleigh Broadway. The scheme yielded some notable successes and the local business/ retail community have maintained interest in the scheme (or a similar scheme) being revived. The original scheme was funded from money from the Government's "Portas"/ High Street Innovation Fund. Some examples of implemented schemes are included under Annexe 1.

3.2 It is proposed that a New Civic Improvement Fund have access initial access to £100,000.00 of the CIL receipts available from our 15% Local Fund. As with the previous CIF scheme, this money would be available to applicant bidders as a source of top-up funding to secure shop front and public realm improvements. Applications to the new CIF scheme could be considered on first-come-first served basis throughout the year; not being restricted to an annual cycle. This would make the fund responsive to needs as they arise.

3.3 The JIG propose that a new CIF-type scheme includes a set of broader criteria that allows bids to come forward from across the whole Borough - for shopfront and public realm improvements from smaller local centres, neighbourhood parades and possibly non-commercial areas. Such a scheme would directly support the Corporate Plan's key priority of supporting local businesses and economy. It would also broadly accord with the CIL Regulations – as improvements to retail centres will help to support future growth; primarily by ensuring their survival and thereby securing capacity into the long term.

- 3.4 The original CIF scheme provides a tested framework, comprised of standard letters and forms, assessment and determination processes, and promotional material that could readily be re-used. A copy of the standard CIF application form is included under Annexe 2. It will be relatively straightforward to extend these should the Committee agree with the JIG's proposals to expand the new-CIF scheme to include bids for improvements to non-commercial areas.

Local Projects Scheme

- 3.5 The JIG also propose an entirely new scheme that would allow community infrastructure improvement schemes to come forward from ward level. It is proposed that the Local Projects Scheme has access to the residual amount of the 15% Local Fund. On the basis of current receipts this stands at about £445,000.00 (for clarity this total subtracts the anticipated allocation of £100,000.00 towards the new CIF Scheme). It is proposed that applications to the Local Project Scheme will be made via Members. It is further proposed that the Scheme be initially piloted for a year.
- 3.6 It is envisaged that the Local Projects Scheme could be used to fund the provision, improvement, replacement, operation or maintenance of community infrastructure. This could include the following types of improvement:
- 3.6.1 Biodiversity schemes – such as habitat enhancement; tree planting; and bird and bat boxes;
 - 3.6.2 Access schemes – such as enhancements to pedestrian and cycle networks;
 - 3.6.3 Open space schemes – improving access to public open space; planting; and play equipment;
 - 3.6.4 Community and Day Centre Enhancements
 - 3.6.5 Public realm schemes (outside of retail centres) – delivering qualitative enhancements that could include new surfaces; street furniture; and landscaping;
 - 3.6.6 Maintenance of existing infrastructure – for example, pathways providing access to nature reserves or informal open space provisions. Such schemes will need to demonstrate how maintenance works provide additional infrastructure capacity that supports growth.
- 3.7 The proposal envisages an annual cycle for the Local Projects Scheme that would allow between 4 – 6 applications to come forward. These would initially be assessed by Officers, before coming first before the JIG and then S&R for consideration. The proposed annual cycle and assessment criteria is included under Annexe 3.

- 3.8 Given experiences, of similar schemes, elsewhere the JIG wish to avoid the proposed Local Projects Scheme becoming complex and unwieldy to administer. To achieve this objective the Scheme will be focussed upon the delivery of new infrastructure, or proposals that contribute towards enhancing the capacity of existing assets. It is proposed that bids will be for a minimum of £20,000.00. Bid applications will be subject to an initial assessment, similar to that applied to a summary capital bid. Successful bids will subsequently be required to complete a detailed business case. This will help manage the number bids being taken before the JIG and S&R Committee for consideration.

4 Financial and Manpower Implications

- 4.1 Previous experience of running a CIF Fund suggests that there will be financial implications associated with the administration of this scheme. However, it is anticipated that administration of applications could initially be absorbed by the Planning Policy Team's existing staff complement. This position may need to be revisited if the proposed scheme proves to be successful and/ or if the Team's primary work streams increase.
- 4.2 In contrast the impact of the proposed Local Project Scheme will be focused upon specific dates in the financial calendar and can consequently be project managed within the existing staff complement.
- 4.3 **Chief Finance Officer's comments:** *The sum of £545,000 is ringfenced and available to support the proposed schemes. Should additional administrative costs of running the schemes arise, further funds would have to be requested accordingly or the scheme amended to meet available administrative resources.*

5 Legal Implications (including implications for matters relating to equality)

- 5.1 The CIL Regulations require us to be transparent in how collected Levy funds are allocated and spent.
- 5.2 **Monitoring Officer's comments:** *A charging authority must apply CIL to funding the provision, improvement, replacement, operation or maintenance of infrastructure to support the development of the Borough. In relation to the 15%, this is widened to include anything else that is concerned with addressing the demands that development places on an area. Infrastructure is defined as including:*
- (a) roads and other transport facilities,*
 - (b) flood defences,*
 - (c) schools and other educational facilities,*
 - (d) medical facilities,*
 - (e) sporting and recreational facilities, and*
 - (f) open spaces*

- 5.3 *The two proposed schemes can be operated in such a way as to comply with the Regulations for spending CIL.*

6 Sustainability Policy and Community Safety Implications

- 6.1 The identification of suitable local schemes and then allocation of CIL monies to implement them will help to deliver essential community infrastructure. This will maintain and enhance the Borough as a sustainable place to live, work and visit.

7 Partnerships

- 7.1 The allocation of CIL monies requires partnership working. In this instance, the two proposed schemes will provide an appropriate mechanism for working in partnership with organisations operating at the local level. The proposals meet the requirements of the CIL Regulations.

8 Risk Assessment

- 8.1 The CIL Regulations encourage Collecting Authorities without parish or town councils to undertake arrangements to spend a proportion of their CIL receipts on the priorities of local communities. Failure to do so could result in reputational damage. We already have strong and long established links with a wide variety of local community groups. Providing such organisations with mechanisms to access funding to improve or bring forward new community infrastructure should serve to strengthen our position within local communities rather than erode it.

9 Conclusion and Recommendations

- 9.1 The Borough Council, acting as the local CIL Collecting Authority, is encouraged under the CIL Regulations to spend a proportion of CIL receipts towards schemes coming forward from local communities. The Borough Council's JIG is promoting two proposals that will collectively meet this obligation.
- 9.2 The Committee are asked to consider the JIG's proposals and subject to any amendments or additions agree that these proposals be implemented as our approach for spending a proportion of CIL receipts on local communities.

Ward(s) Affected: (All Wards);

Examples of Implemented CIF Schemes

1. Shopfront 3 High Street, Epsom



Before



After

2. Building Frontage High Street, Epsom



Before



After

3. Shopfront 90 High Street, Ewell



Before



After

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Epsom & Ewell Civic Investment Fund (CIF) Grant Scheme Application Form

The information to be filled out in this form is to be used for the purpose of processing an application for the CIF grant scheme and assessing the suitability of the proposed project. For more information about the scheme and how to complete this application, please read the Guidance Notes.

1) Business/Organisation Name:

2) Applicant's Name:

3) Telephone / Fax / E-mail:

4) Where did you find out about CIF?

5) Address for correspondence:

6) Type of application:

Empty shop improvement

Shop front improvements

Other empty shop initiative

7) Address of Property /Description of area being improved:

8) Type of business

Current purpose (e.g. baker, estate agent)

New purpose (if changing use)

9) If you are seeking improvements to a property do you

- Own the premises?

- Rent the premises?*

- Lease the premises?*

- When will the lease/freehold run out?

- Other? (Please explain below)

* **You** will need to include landlord's written consent for improvements or change in use of empty shop

10) a) Do you pay business rates on this property?

Yes / No

b) Are your payments up-to-date?

Yes / No

(If there are any outstanding monies this could prejudice your application being accepted – as part of the application process we will check your business rate account).

11) Do you have Planning Permission/ Advertisement Consent for Signage changes/ Change of Use Permission /Building Control Regulations to undertake this work?

Yes / No / Pending/ Not applicable

If yes, please quote references:

12) Description of proposal, benefits and how it meets Epsom & Ewell's Vision and priorities:

Please continue on separate A4 sheet if necessary and attach to this form

13) List all drawings; plan numbers; project documents etc. forming part of the application as appropriate:

Please include all drawings, plans and project documents and attach to this form

14) What is the total cost of the project? Please summarise costs under the following headings:

Total Improvement costs (excluding professional fees)	
Professional Fees (exclude from above)	
Total	

Please attach official quotes as appropriate to the work to be carried out. Please refer to guidance notes.

15) How much is being sought from CIF?

Contribution from others

Contribution made by the applicant / business / organisation

Reserves

Are you seeking funding from other parties?

Name of other organization you are seeking funding from.

16) Does any person connected with this application have any relationship with any Councillor or officer of Epsom & Ewell Borough Council? Yes / No

If yes, please supply details below:

17) Supporting information – please refer to the guidance notes and include as appropriate with your application:

- Business or project plan Yes / No
- Cash Flow and Profitability Forecast Yes / No
- Bank Loan Agreement / Statement Yes / No
- Last Two Years' Audited Accounts Yes / No / Not applicable
- Bank Reference Form Yes / No
- Planning / Building Control Document Yes / No / Not applicable
- Lease / Freehold Document Yes / No
- Licence / Certificate Yes / No / Pending
- Permission from Landlord to carry out works Yes/ No / Pending

We may require further documents or information, depending on your particular circumstances. If that is the case, we will let you know by telephone or in writing as soon as possible. Please note that we may check your payment history as part of the application process.

18) Consultation

Have you consulted/ informed any other parties about your proposal?

- Other Local Business or Business Group
- Councillors
- Other

19) Declaration

When you have completed the application, please sign this declaration and return the completed form as directed in the cover sheet.

Name

Position

To the best of my knowledge the information I have provided on this application form is correct. If Epsom & Ewell Borough Council agrees to make a grant, this will be used exclusively for the purposes described and we agree to acknowledge Epsom & Ewell Borough Council's support in all initiatives/ literature and permanent fixtures.

I agree to inform the CIF Officer if I receive funding towards this project from other organisations and failure to do so may affect my application.

Privacy Notice: By signing this form the applicant agrees to Epsom & Ewell checking business rate accounts, licensing and planning history; the information on the form being stored in the Epsom & Ewell Civic Investment Fund's manual filing system and summarised in the Council's Information, Communication and Technology (ICT) system for the sole purpose of grant processing, analysis and accounting. Information about the project may be publicised on the Council website and in public material for publicity purposes and to increase awareness about the Epsom & Ewell Civic Investment Fund. Personal Information will not be disclosed without the prior agreement of those concerned, unless required by law.

Signed

Date

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Annexe 3: Local Projects Scheme – Proposed Annual Cycle and Assessment Criteria

Late April to late October:

Publicise the Local Projects Scheme to local community groups, and other qualifying organisations via established networks. Invite organisations to submit detailed and supported application proposals for assessment.

The Scheme requires that application proposals meet the following requirements:

- Project proposals must be within the Borough
- Proposals must be valued at least £20K
- Proposals must deliver new infrastructure or contribute towards enhancing the capacity of existing assets
- The application is a one-off payment. For clarification, applications for proposals that will require further funding (from CIL monies) will not progress further
- Works will be undertaken by the Borough Council or as a grant to contribute to a third party scheme

November:

Application proposals will initially be considered by Officers. At this stage of the process applications will be assessed against the following criteria:

- Does the proposed scheme demonstrate strong links to the Council's key priorities?
- How does the proposed scheme provide benefit to the wider community?
- Is match funding available and is it that funding also the subject of a (separate) bid?
- Will the implemented scheme have a direct, lasting and noticeable improvement to the area?
- What is the proposals state of readiness – is it shovel-ready?

This stage of the assessment process will be used to assist JIG members during their subsequent December meeting.

December:

The Members of the JIG meet to further assess qualifying applications, against the criteria set out above. This stage of the process is, assisted by Officers. It is intended that this stage will narrow the number of schemes down to a maximum of six schemes that will go before S&R Committee for determination.

April:

The Council's S&R Committee consider recommendations from the JIG on those schemes that qualify for final consideration.

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VAT Partial Exemption Mitigation Options Report

Report of the:	Acting Director of Finance and Resources
Contact:	Teresa Wingfield
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Annexes/Appendices (attached):	None
Other available papers (not attached):	None

Report Summary

This report sets out the Council's current VAT position and suggests how to mitigate the risk of having to repay to HMRC VAT recovered on expenditure relating to exempt income.

Recommendation (s)

- (1) That the Committee notes the implications of the Council's limited VAT recovery position.
- (2) That the Committee agrees to the recommendations 1-3 at paragraph 4.9 of this report to mitigate the risk of having to repay in excess of £176,468 of recovered VAT to HMRC.
- (3) That the Committee notes that officers will investigate and report back on further actions that may be required at other buildings to improve the Council's VAT position and mitigate the risk of future repayments.

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

- 1.1 The Medium Term Financial Strategy and Efficiency Plan aims to maintain the financial health of the Council whilst delivering the priorities in the Corporate Plan.

2 Background

- 2.1 In the U.K. VAT is applicable to most income and expenditure transactions at either zero, lower or standard rate. This means that we charge VAT on income as applicable, which we then pay over to HMRC. We pay VAT at the appropriate rate on expenditure incurred, which we recover from HMRC via our monthly VAT return.

- 2.2 Under S33 of the VAT Act 1994, activities undertaken by a local authority which are part of its statutory duties are treated for VAT purposes as non-business transactions, which fall outside the scope of VAT. Whilst this means that VAT is not charged by the Council on these transactions, S33 permits recovery of VAT on related expenditure.
- 2.3 All VAT registered bodies are subject to different rules relating to exempt supplies. These include land and building transactions, insurance, postal services, education, health & welfare, sports and sports competitions, works of art and cultural services. Exempt supplies are not classed as taxable; no VAT is chargeable on the supply and VAT cannot ordinarily be reclaimed on related costs.
- 2.4 The most significant exempt supplies made by the Council are rents and lettings.
- 2.5 Less stringent rules apply to exempt supplies made by local authorities. We are permitted to recover VAT on expenditure related to exempt income, provided that the amount does not exceed 5% of total VAT recovered from HMRC in any one year.
- 2.6 If the 5% limit is breached then the whole amount of VAT recovered relating to exempt income becomes payable to HMRC, not just the amount in excess of the 5% limit.

3 VAT recovery by the Council

- 3.1 Officers complete an annual partial exemption calculation to determine whether VAT recovered on expenditure relating to exempt income is in excess of 5% of all VAT recovered. The Council has been close to this 5% limit on a number of occasions over the past six or seven years. If the limit is breached then the Council could be required to pay back all of the exempt VAT recovered, not just the amount by which the 5% limit was breached.
- 3.2 To mitigate the risk of breaching the limit we have elected to opt properties to tax where appropriate. When a property is opted to tax standard rated VAT is applicable to income from lettings and hires. As the property no longer generates exempt income VAT recovered on related expenditure is omitted from the partial exemption calculation.
- 3.3 Hirers and lessees registered for VAT, and using the property for taxable business purposes, can recover the VAT charged. Charities using the property for certain charitable purposes can submit a charitable exemption certificate so that their charges remain exempt.
- 3.4 Residential property cannot be opted to tax, so that where anything other than a peppercorn rent is received all VAT recovered on expenditure has to be included in the partial exemption calculation.

- 3.5 In 2013/14 recovery of VAT on the repair works at Ewell Court House, following a fire there, resulted in a breach. VAT recovered on these works had to be included in the calculation as the related income was from letting fees, which are an exempt supply.
- 3.6 HMRC agreed that we could apply a seven year averaging method. This involves averaging the percentages over the previous four years, the current year and the forecast for the following two years. Our average percentage across the seven year period was 4.8%.
- 3.7 In 2016/17 the Council recovered from HMRC a total of £176,468 VAT relating to exempt supplies, which was £77,169 over our 5% limit for the year. The amount recovered included £108,800 VAT on 'one-off' works at Blenheim Road to bring nine units of temporary accommodation back into use.
- 3.8 When the works were completed the Council entered into a lease with a local housing association so that they would take over the units for use as temporary accommodation. As the units are used for residential purposes the income from the lease is exempt from VAT, resulting in the £108,800 VAT recovered having to be included in our partial exemption calculation. This exceeded the 5% limit for 2016/17.
- 3.9 Use of the seven year average is permitted by HMRC for "occasional" breaches, and so we can ask permission to use it again. If permitted we may avoid a repayment of £176,468 to HMRC. To apply we will have to submit figures for the full seven years to HMRC, including the forecasts for 2017/18 and 2018/19 to demonstrate that the average over the period is expected to fall below 5%.
- 3.10 If we are not able to use the seven year average method, or we reach a point where we are over the 5% limit even across seven years, we will not only be required to pay back our exempt input tax but will also be within the scope of the "Capital Goods Scheme" (CGS). This involves examining all of the capital goods created in the last ten years (relevant capital goods for us are buildings where we have spent more than £250,000) and monitoring the use of the asset over a ten year period. If VAT was recovered at the time of creating the asset (either because it was within the 5% de minimis, or because it was used for non business purposes) and the asset is now used for exempt purposes we would be required to adjust for a proportion of the VAT initially recovered. So, as well as the cost of lost VAT, a breach of the seven year average would bring with it a lot of additional work in creating and maintaining a capital goods register.
- 3.11 On calculating the forward forecasts it is clear that during 2017/18 and 2018/19 the Council will need to significantly reduce expenditure on any properties generating exempt income, in order to average below 5% and thereby avoid the £176k repayment.

- 3.12 Assuming the Council's current levels of total VAT recovered continue in 2017/18 and 2018/19, we would need to restrict recovered exempt VAT to £90k for 2017/18 and £74k for 2018/19. Our lowest recovered figure in the last nine years was in 2014/15 at £74k.

4 Proposals

- 4.1 The figures at paragraph 3.12 indicate the extent of the actions required to avoid a breach across the seven years. These will need to include:
- 4.2 Postponement of all non-essential work on the properties set out in the table below, at least until the end of the forecast period, i.e. March 2019. Where work is unavoidable, e.g., for health and safety reasons, the tax recovered will have to be factored into the final forecasts.
- 4.3 Under VAT rules peppercorn rents are not classed as exempt income. This means that where work is undertaken to bring a property into residential use, offering the property for management at a peppercorn rent would allow expenditure on the works to be omitted from the calculation. Alternatively, we should negotiate a management agreement, any income would then be outside the scope of VAT.
- 4.4 Where no preliminary expenditure is necessary, exempt rental income could be received without any VAT impact by issuing a full repairing lease. The Council would then receive an income but as lessees would be responsible for ongoing building repairs and maintenance there would be no related expenditure to be included in the Council's partial exemption calculation.
- 4.5 Elections to opt to tax so that VAT becomes chargeable are not permissible on residential buildings. However, opting to tax non-residential buildings where appropriate would reduce receipt of exempt income. Users not registered for VAT would not be able to recover the VAT incurred, though the effect of the higher charges could be mitigated by passing on the additional costs incrementally, with the income to the service being subsidised by contributions from the Council's earmarked VAT reserve.
- 4.6 The Council could decide to cease charging for lettings at buildings where there is negligible income against expenditure, or where exempt income is generated. It is the level of expenditure that affects the calculation; it has to be included, irrespective of the income received. Currently exempt income from hirers at the Wells Centre is around £3k-£4k per annum. VAT recovered on expenditure is around £6k, which has to be included in the 5% limit. If no income were received from lettings at the Wells Centre the forecasts for 2017/18 and 2018/19 would reduce by approximately £6k per annum.
- 4.7 The application of charitable exemptions creates exempt income even where the building is opted to tax. The Council could elect not to accept further exemption certificates and, where considered appropriate, offer a discount on the standard rated charges instead.

- 4.8 Acceleration of intended disposals would reduce the Council's exposure to ongoing expenditure. The forecast for 2018/19 assumes disposal of the Ebbisham Centre by March 2018. If this is not achieved then forecast will increase by approximately £14,000, which is likely to breach the seven year average.
- 4.9 Table 1 below sets out the actions necessary to mitigate a breach of the 5% limit across the seven years 2012/13 to 2018/19. If no further unanticipated costs occur during this year or next, the Council may be able to avoid a breach and thereby having to repay VAT recovered from HMRC in 2016/17 totalling £176,468, plus any Capital Goods Scheme adjustments that may be required.

TABLE 1

	Building	Essential Action/s	Effect on calculation
1.	South Street £400k estimated cost of renovation works proposed on two residential flats. This would increase exempt VAT recovered by £80k.	Postpone works until after March 2019 and seek expert VAT advice. Whenever this work is undertaken an additional £80k into the annual calculation is likely to result in a breach of the 5% limit. Specialist advice on self-management, management agreements and peppercorn rents will be required before work is started. Depending on advice on management agreements officers could investigate implications of transferring property to EEPIC.	Undertaking the works before March 2019 would result in an immediate breach of the seven year average. EEPIC would not be able to recover VAT.
2.	Ebbisham Centre The forecast calculation for 2018/19 assumes that this building will be disposed of by March 2018. If the disposal is not achieved the forecast for 2018/19 will increase by £14k plus VAT recovered on any remedial or capital works.	Dispose of building by March 2018 without any interim non-essential works.	If disposal is delayed a further £14k minimum will be added to the average, creating significant risk of breach.

	Building	Essential Action/s	Effect on calculation
3.	Private Sector Leasing Scheme & EEBC owned temporary accommodation Initiatives relating to reducing temporary accommodation costs generally relate to residential properties.	Review schemes to ensure that exempt income is avoided. Self-manage properties or agree management contracts with agents if necessary.	Exempt income from residential properties increases the risk of future breaches. Each case will need to be considered individually to avoid this.

4.10 Proposals set out at paragraph 4 are applicable to other buildings where action is required to reduce the risk of breaching the 5% limit. These properties include:

4.10.1 Bourne Hall

4.10.2 Wells Centre

4.10.3 Cox Lane Centre

4.10.4 Longmead Centre

4.10.5 Playhouse

4.10.6 Staff Properties

4.10.7 Parks Pavilions

4.11 All expenditure at these properties impact on the VAT position. This includes utilities, cleaning, ad hoc repairs and maintenance as well as larger capital projects.

4.12 The Council also includes in its calculation 50% of VAT recovered on expenditure relating to Nonsuch House. This reflects the 50/50 split with London Borough of Sutton of the costs and income of the Nonsuch Joint Management Committee. The JMC are considering applying for a Heritage Bid to undertake works at the Park/Mansion House. If this bid were successful VAT recovered on the works would affect the Council's VAT position. Subject to expert VAT advice, a potential solution might be to approach LBS to determine whether they would be agreeable to an application to opt to tax the site.

5 Financial and Manpower Implications

5.1 The Council is at risk of breaching the seven year average which could result in having to make a repayment of £176,468 in previously recovered VAT to HMRC.

- 5.2 HMRC would have to give permission for use of the seven year method. The current forecasts for 2017/18 and 2018/19, particularly the latter, anticipate lower VAT recoveries than previous actuals.
- 5.3 When calculating the seven year average the final two years are based on forecasts. Unanticipated expenditure or reduced total VAT recovery figures will affect these, so there can be no guarantee that a breach can actually be avoided.
- 5.4 Implementing some or all of the proposals set out in this report would demonstrate to HMRC the Council's commitment to achieve the forecast percentages and stay within 5% recovery over the seven year period.

5.5 **Chief Finance Officer's comments:** *as set out in the body of this report.*

6 Legal Implications (including implications for matters relating to equality)

- 6.1 The Council will continue to fulfil its statutory obligations on all services provided.
- 6.2 **Monitoring Officer's comments:** *It is important that maintenance activities are planned and undertaken in such a way so as to ensure compliance with the Council's statutory duties in respect of, for example, health and safety. It is also important to ensure that we meet our legal obligations to our landlords (where applicable), and to our tenants. Proposals to defer works to another year need to make sure that these issues have been considered.*

7 Partnerships

- 7.1 Implementation of some of the proposed actions will involve careful management of partnerships with Housing Associations, hirers and tenants.

8 Risk Assessment

- 8.1 The risk of breaching the 5% limit can be mitigated by these actions but unexpected and unavoidable expenditure would affect the calculation.
- 8.2 Given the Council's previous years' percentages HMRC may ask for evidence of how we propose to comply with the limit and may take approval of the proposals in this report as evidence of the Council's commitment to the achieving this.

9 Conclusion and Recommendations

- 9.1 That the actions set out at paragraph 4 be undertaken where possible.
- 9.2 That the timing, location and extent of proposed capital projects and revenue works are carefully considered, having regard to VAT implications.

Ward(s) Affected: (All Wards);

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Acquiring Temporary Accommodation at Defoe Court

Report of the:	Head of Housing & Community
Contact:	Rod Brown
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	
Annexes/Appendices (attached):	Annexe 1: Table 1 In borough temporary accommodation; Table 2 Number of households in bed and breakfast accommodation Annexe 2: Current and proposed plans for Defoe Court Annexe 3: Anticipated savings from proposal in cost of nightly paid accommodation (exempt from publication)
Other available papers (not attached):	

Report Summary

To consider the principle of acquiring the flexible use of 24 units of accommodation at Defoe Court, East Street, Epsom as additional in-borough Temporary Accommodation, subject to negotiation with Sanctuary Housing Association.

Recommendation (s)

- (1) That the council acquires the use of 24 additional units at DeFoe Court, 87 East Street from Sanctuary Housing Association for use as Temporary Accommodation, subject to negotiation.
- (2) That the method of acquiring the units and negotiating the cost including the management the units and any service charge be delegated to Head of Housing and Community in consultation with the Chair of Strategy and Resources and the section 151 Officer, Head of Property and Regeneration and the Chief Legal Officer.

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

- 1.1 The proposal in this report supports delivery of the Council's Key Priorities and the themes in the Sustainable Community Strategy, as set out below.
- 1.2 Managing Resources - Utilise the Council's limited resources in the most efficient and effective way.
- 1.3 Quality of Life - Improve the quality of life for all residents, but particularly the more vulnerable within our society.
- 1.4 Health, Housing and Well-being is a priority theme of the Sustainable Community Strategy. The Council has a statutory duty to house homeless persons.

2 Background

- 2.1 In March 2013 Sanctuary Housing Association received planning permission to demolish Shaftesbury House and redevelop 87 East Street to provide quality accommodation for 45 single person living units, residents' lounge, office and supporting accommodation.
- 2.2 The development comprises of a central office and administration area with the 45 single person studio flats accommodated on two distinct wings. The wing closest to East Street is three storeys and the rear wing two storeys. Plans of the currently permitted layout are included as Appendix 2.
- 2.3 The permitted use of the units is controlled by condition, restricting use specifically to young person's support and housing services only. The building was intended to provide support and accommodation for up to 45 vulnerable young people, typically but not exclusively care leavers, who would receive an element of support and supervision whilst resident.
- 2.4 The council entered into a section 106 Agreement which included 100% nomination rights to the council. In the event that the council does not have any suitable nominations there is provision that Sanctuary can receive nominations from specified other local authorities for nominees who meet the specified criteria.
- 2.5 The scheme benefited from a council s106 affordable housing contribution of £500,000 with a Grant Agreement and also received Homes and Communities Agency (HCA) funding.
- 2.6 The original business case developed by Sanctuary Housing Association for Defoe Court relied upon placements being made by the council and other eligible local authorities including Surrey County Council (SCC) for young people who required an element of supportive care in addition to accommodation.

- 2.7 However, Surrey County Council have revised their approach to young people's supported accommodation with a preference to family based accommodation such as foster care over more independent supported accommodation such as Defoe Court. As a consequence Defoe Court has never been well utilised, with much of the building's 45 single person units remaining unoccupied.
- 2.8 Sanctuary Housing Association approached the council to explore options for achieving greater use of the unoccupied units. As a result it was proposed to use of part of the building for temporary accommodation. .

3 Supply and demand for Temporary Accommodation

- 3.1 The Council has access to a stock of 120 units for use as temporary accommodation all of which is fully occupied. A list of the 120 units of temporary accommodation is included in Appendix 1, Table 1.
- 3.2 The council has recently purchased 85 Marbles Way and 10 Crane Court for use as temporary accommodation through the Residential Property Acquisition Fund established for that purpose. It is anticipated that a further two properties will be acquired this financial year.
- 3.3 The temporary accommodation used by the council is insufficient to meet the current requirements for the Council to fulfil its statutory duties., As a result use is made of nightly paid emergency accommodation (commonly referred to as Bed and Breakfast accommodation).
- 3.4 There is no suitable nightly paid emergency accommodation available within the borough and these households, including families, are placed outside of the Borough in areas such as Wandsworth, Crawley and Croydon.
- 3.5 In addition to the statutory requirements and possible financial benefits, it is worth also considering the wider social benefits of increasing the amount of temporary accommodation within the borough. It is preferable that applicants be accommodated in housing in the borough, rather than nightly paid emergency accommodation outside the borough.
- 3.6 Over the last two years the number of families in nightly paid emergency accommodation varied. The movement of families in and out of nightly paid emergency accommodation is illustrated in Appendix 1, Table 2 for the two financial years 2016/7 and 2017/18 to date
- 3.7 Even though the council has been successful in reducing the numbers of households in out of borough nightly paid accommodation since the peak of 93 households in 2015, the introduction of the Homelessness Reduction Act will introduce new additional duties upon the council to prevent homelessness and extend our duty to offer help and advice to non-priority need applicants. In addition continuing changes to welfare reform will continue to affect families reliant on benefits.

- 3.8 It is not always easy to predict the future accommodation size which will be required. Various sized units of accommodation are required for the differing sizes of homeless households. Of those 30 households in bed and breakfast accommodation at the end of September 2017, there were:

Size of household	Number of households in B&B (September 2017)
Single persons or couples	12
Small households (Including 1 child)	8
Large households (3 or more children)	12

- 3.9 Not all the above households would be suitable to be accommodated in Defoe Court. Some of the above households who have complex needs may not be suitable for accommodating in Defoe Court.

3.10 Cost of Nightly Paid Emergency Accommodation

- 3.11 The supply of nightly paid emergency accommodation is still limited and reliant on spot purchasing in response to the presentation of applicants meeting the statutory requirements for emergency accommodation.
- 3.12 The cost of this type of accommodation is considerably higher than settled social housing and is supplied by a range of specialised housing suppliers. Competition for this accommodation is marked and we compete with several other councils in securing accommodation.
- 3.13 Unlike the cost of all temporary accommodation operated by housing associations within the borough, the cost of out of the borough nightly paid emergency accommodation is significantly in excess of the housing benefit payments received and is subsidised by the council.
- 3.14 The costs illustrated in the table below reflect the average actual net cost to the council for purchasing Nightly Paid Emergency Accommodation by household size (as of Sept 2015)

Table showing average net cost of nightly paid emergency accommodation

Household Type	Average net cost of nightly paid accommodation per year (£)
Single adult or couple	8,424
Small Family - 2 adults & 1 child or 1 adult & 2 children	14,252
Larger Family - 2 adults and 3 or more children	21,233

4 Proposals

- 4.1 It is proposed to acquire the exclusive use of the 24 single units in the rear wing of Defoe Court following adaptations made to the building so that these units can be used as temporary accommodation for various sized households. This would further relieve our dependency on out of borough nightly paid accommodation.
- 4.2 The adaptations will create greater flexibility in our use of the 24 units. The adaptations would include an internal wall to effectively segregate the two wings of the building, create a new access for the rear wing by adapting the existing fire exit and creating a laundry room for residents of the rear wing.
- 4.3 The flexibility will be achieved by inserting inter-connected doors between many of the existing single units to provide accommodation which can be extended to form larger interconnected accommodation for larger households, as well as alternatively being able to be closed and secured to provide accommodation for single people or smaller households. Through developing this flexibility it is proposed that the council will be able to optimise its occupation of units once the adaptations are complete.
- 4.4 The works will be completed by Sanctuary Housing Association prior to the council utilising the units. Sanctuary Housing Association will need to obtain the required planning permission, including changing the use of the rear units so that they can be used as temporary accommodation.
- 4.5 The method of acquiring the 24 units is yet to be determined Whilst a property lease would be the traditional mechanism this could expose the council to liability to pay business rates. As a charity, Sanctuary Housing Association would benefit from a substantial reduction in business rate liability which may indicate an alternative acquisition method would be preferable, such as a legal agreement.

- 4.6 Through initial discussions with Sanctuary it has been agreed, subject to member agreement, planning consent and negotiation of price, to acquire exclusive use of the units for a period of 5 years. The cost of achieving this will be subject to negotiation with Sanctuary Housing Association.
- 4.7 If there is agreement in principle to acquire these units, negotiations will follow to seek to agree an annual cost, which will include an element of management and service charge. It is proposed that following negotiations, the business case supporting the acquisition, including overall annual cost to acquire the units and the avoided expenditure in bed and breakfast accommodation would be agreed. In consultation with the Chair of Strategy and Resources and the section 151 Officer, Head of Property and Regeneration and the Chief Legal Officer.

5 Financial and Manpower Implications

- 5.1 The acquisition of these units as temporary accommodation would reduce the council's use of out of borough bed and breakfast accommodation further. It would enable the council to place homeless households without using expensive out of borough accommodation.
- 5.2 The in principle decision to acquire these units is subject to the agreement of the business case, which will be prepared as the negotiations progress. Appendix 3 outlines the anticipated savings in nightly paid accommodation resulting from this proposal.
- 5.3 The relocation of households in bed and breakfast accommodation would relieve funds that would be used to acquire these units.
- 5.4 ***Chief Finance Officer's comments: As expenditure on these units would be incurred to discharge the Council's statutory homelessness duties there will be no impact on the Council's VAT position.***
- 5.5 *The adaptations to the units will need to be agreed by the Council to ensure that the units are fully flexible to optimise occupation and thereby reduce temporary accommodation costs.*
- 5.6 *These units could result in further direct reductions in temporary accommodation costs. They will also be used to avoid expenditure on placing new presenting households into bed and breakfast accommodation.*
- 5.7 *The final cost per unit cannot be established until the terms of a Management Contract are fully agreed and the position on business rates determined.*
- 5.8 *The financial implications of ongoing proposals will be monitored to ensure that costs and benefits are fully quantified.*

6 Legal Implications (including implications for matters relating to equality)

6.1 **Monitoring Officer's comments:** *The Council's obligations as local housing authority are set out in the body of this report. The Council has powers to enter into the arrangements contemplated in this report. The proposal is a good way to ensure that the facility at Defoe Court is better used, and will also have benefits for homeless families and individuals. It is important that, on conclusion of the negotiations, the obligations of the parties are clearly set out in an appropriate legal agreement.*

7 Sustainability Policy and Community Safety Implications

7.1 There are no significant sustainability or community safety implications arising directly from the proposals in this report.

8 Partnerships

8.1 Historically the Council has worked in partnership with housing associations to provide suitable temporary accommodation. There has been agreement in principle with Sanctuary Housing Association that they would be willing to allow the council to acquire these units once adapted.

9 Risk Assessment

9.1 In entering into any arrangement in relation to the management of residential property, there are financial risks. These will be mitigated by ensuring that the parties' respective obligations are clearly set out in an appropriate legal agreement.

9.2 If no deal is reached with Sanctuary, there is a risk that Defoe Court will remain under-utilised, and that it will no longer remain financially viable. The proposal offers a way to ensure that the building is used to best effect.

10 Conclusion and Recommendations

10.1 The acquisition of 24 units of temporary accommodation would reduce the reliance on out of borough nightly paid accommodation. The adaptations to create greater flexibility will enable the council to maximise the occupancy rates in the units, reducing the void risk.

10.2 Continued negotiations with Sanctuary Housing Association are required to determine the cost of acquiring these adapted units and the method of that acquisition, whether that be through a lease or other legal agreement.

10.3 The recommendation is that the council acquires the use of 24 additional units at DeFoe Court, 87 East Street from Sanctuary Housing Association for use as Temporary Accommodation.

- 10.4 It is further recommended that the method of acquiring the units and negotiating the cost for the management the units and any service charge be delegated to Head of Housing and Community in consultation with the Chair of Strategy and Resources and the Section 151 Officer, Head of Property and Regeneration and the Chief Legal Officer.

Ward(s) Affected: (All Wards);

Table 1

Table showing existing temporary accommodation with Epsom and Ewell Borough Council
(including details of ownership and management)

Property	Description	Numbers	Owned by	Managed by
West Hill Court Epsom	27 x Studio flats 5 x1 bed flat 1 x 3 bed house	33	Rosebery Housing Association	Rosebery Housing Association
58 Upper High Street Epsom	9 x studios	9	Rosebery Housing Association	Rosebery Housing Association
Phoenix Court Epsom	7 x studios 3 x 1 bed flat 4 x 3 bed flat	14	Rosebery Housing Association	Rosebery Housing Association
Celia Court West Ewell	4 x 2 bed flat 2 x 1 bed flat	6	Rosebery Housing Association	Rosebery Housing Association
“The Cottages” High Street Epsom	4 x 2 bed houses	4	Epsom and Ewell Borough Council	Rosebery Housing Association
Other 2 bedroom properties	Various 2 bedroom street properties	4	Rosebery Housing Association or Rosebery private sector leased	Rosebery Housing Association
Other 3 bedroom properties	Various 3 bedroom street properties	7	Rosebery Housing Association or Rosebery private sector leased	Rosebery Housing Association

Property	Description	Numbers	Owned by	Managed by
Eaton House Epsom	9 x 2 bed flat	9	Mount Green Housing Association	Mount Green Housing Association
Dalmeny Way Epsom	4 x 3 bed houses	4	Mount Green Housing Association	Mount Green Housing Association
102 Upper High St Epsom	1 x Studio flats 2 x 1 bed flat 4 x 2 bed flat 1 x 3 bed flat	8	Epsom and Ewell Borough Council	Transform Housing & Support
1-3 Blenheim Road	9 x 2 bed flat	9	Epsom and Ewell Borough Council	Transform Housing & Support
The Bytes building Chessington Road	9 x 1 bed flats, 1 x 2 bed maisonette and 1 x 3 bed house.	11	Paragon Housing Association	Paragon Housing Association
85 Marbles way	1 x 2 bed flat	1	Epsom and Ewell Borough Council	Epsom and Ewell Borough Council
10 Crane Court	1 x 3 bed house	1	Epsom and Ewell Borough Council	Epsom and Ewell Borough Council
Total	Various units	120		

Table 2

Table showing the number of households at the end of each month
living in nightly paid emergency accommodation

2016/17 (Monthly)	Number Of Households Placed Into Emergency Temporary Accommodation During Month	Number Of Households Moved Out Of Emergency Temporary Accommodation During Month	Net Number Of Households in Emergency Temporary Accommodation At End Of Month
April 2016	12	9	55
May	15	10	60
June	11	10	61
July	7	14	54
August	10	14	50
September	10	9	51
October	9	15	45
November	13	16	42
December	9	9	42
January 2017	8	12	38
February	6	7	37
March	4	4	37
April	6	2	41

2016/17 (Monthly)	Number Of Households Placed Into Emergency Temporary Accommodation During Month	Number Of Households Moved Out Of Emergency Temporary Accommodation During Month	Net Number Of Households in Emergency Temporary Accommodation At End Of Month
May	8	8	41
June	1	4	38
July	6	10	34
August	3	4	33
September	6	9	30

CURRENT LAYOUT

DR. CONSULTED BY PLANNING ISSUE
REVISED DATE CHG. DESCRIPTION

STATUS
FOR PLANNING
CONTRACTOR

PROJECT
87 EAST STREET, EPSOM

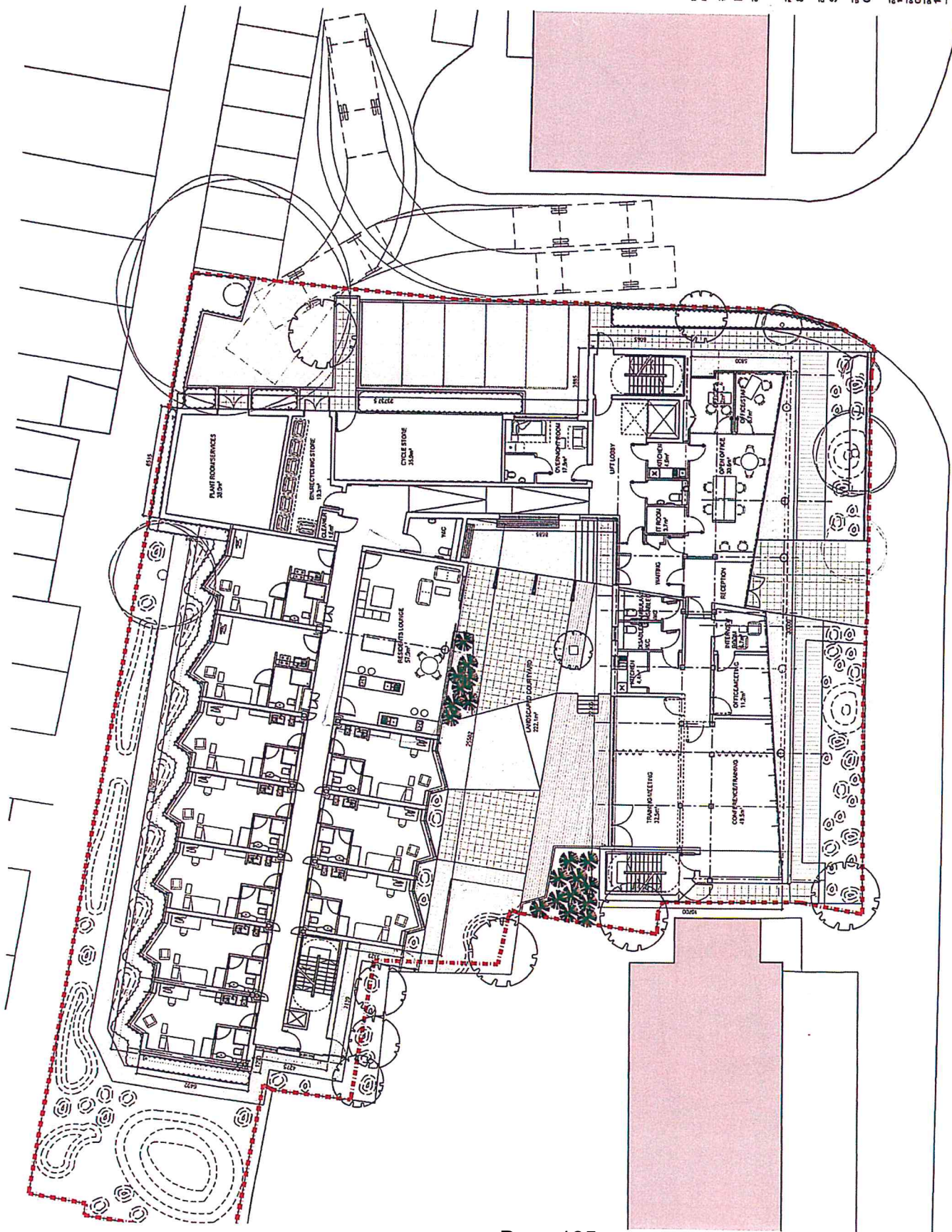
CLIENT
SANCTUARY HOUSING

DRAWING TITLE
GROUND FLOOR PLAN

DATE CREATED 11.12.12
DATE REVISED 11.12.12
SCALE 1:100 (A1)
DRAWN BY GARDNER
CHECKED BY GARDNER
PROJECT NO. 123348_02_02-01

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 3. The information on this drawing is based on the information provided by the client and is not to be used for any other purpose without the written consent of the architect.

PROPOSED BEDROOM SCHEDULE

GROUND FLOOR	
Front Building	= 0 Bedrooms
Rear Building	= 10 Bedrooms
FIRST FLOOR	
Front Building	= 7 Bedrooms
Rear Building	= 14 Bedrooms
SECOND FLOOR	
Front Building	= 7 Bedrooms
Rear Building	= 0 Bedrooms
THIRD FLOOR	
Front Building	= 7 Bedrooms
Rear Building	= 0 Bedrooms
OVERALL SUMMARY	
Front Building	= 21 Bedrooms
Rear Building	= 24 Bedrooms
TOTAL	= 45 Bedrooms

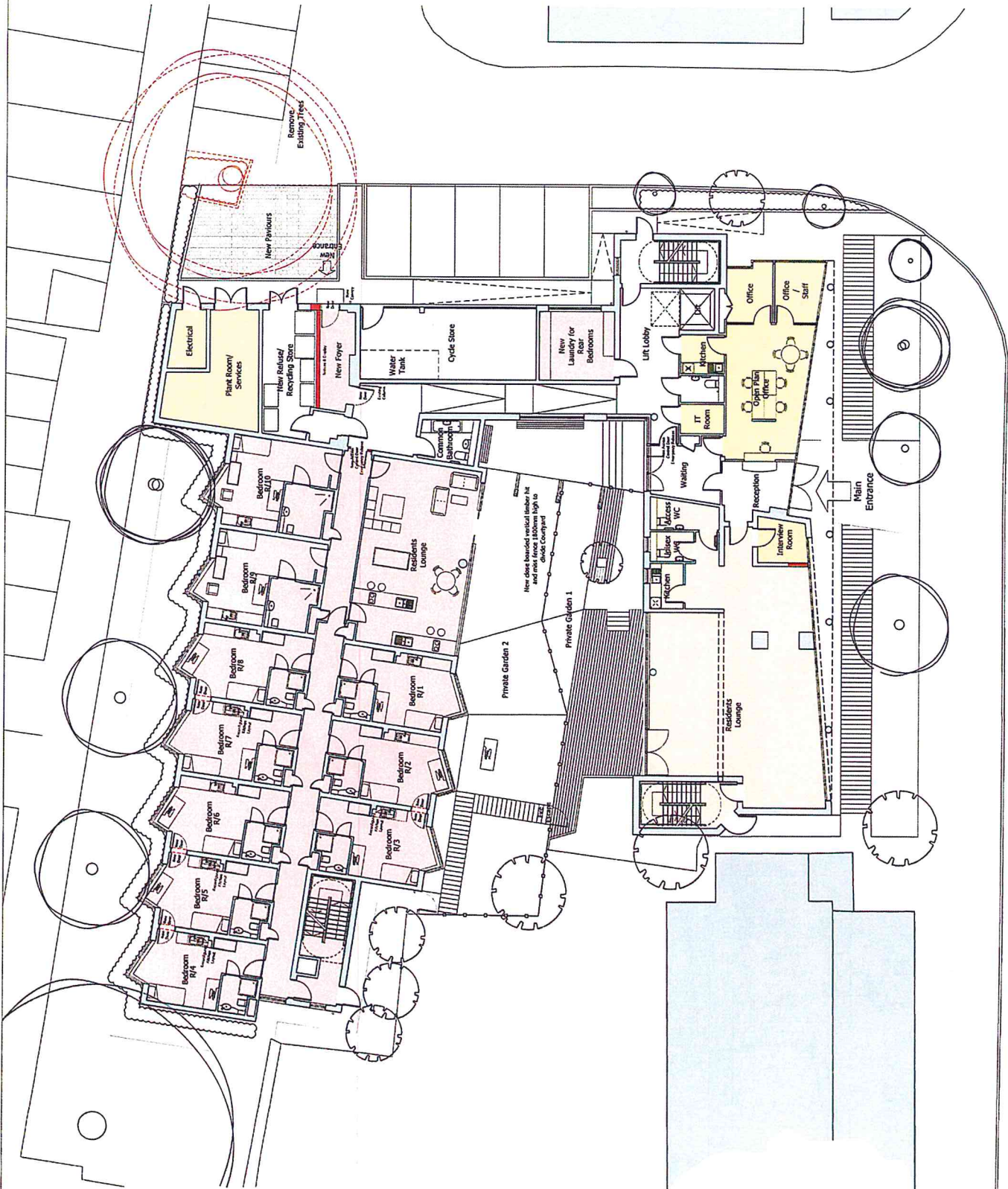
**AGENDA ITEM 9
ANNEX 2**



PROJECT	Dele Court, East Kent, From RT17-101
DRAWING	Ground Floor Plan As Proposed
SCALE	1:100
DATE	OCT 2017
NO.	485-110
REV.	A

PROPOSED LAYOUT

- Common Areas/ Shared Access
- Secure use by Rear users only
- Secure use by Front users only
- Staff Areas



General Notes:
 1. This floor plan is shown as a guide only. It is subject to change without notice.
 2. All dimensions are in feet and inches.
 3. All rooms are to be finished in accordance with the specifications.
 4. All rooms are to be finished in accordance with the specifications.
 5. All rooms are to be finished in accordance with the specifications.

PROPOSED BEDROOM SCHEDULE

GROUND FLOOR	
Front Building	= 0 Bedrooms
Rear Building	= 10 Bedrooms
FIRST FLOOR	
Front Building	= 7 Bedrooms
Rear Building	= 14 Bedrooms
SECOND FLOOR	
Front Building	= 7 Bedrooms
Rear Building	= 0 Bedrooms
THIRD FLOOR	
Front Building	= 7 Bedrooms
Rear Building	= 0 Bedrooms
OVERALL SUMMARY	
Front Building	= 21 Bedrooms
Rear Building	= 24 Bedrooms
TOTAL	= 45 Bedrooms

PLANNING

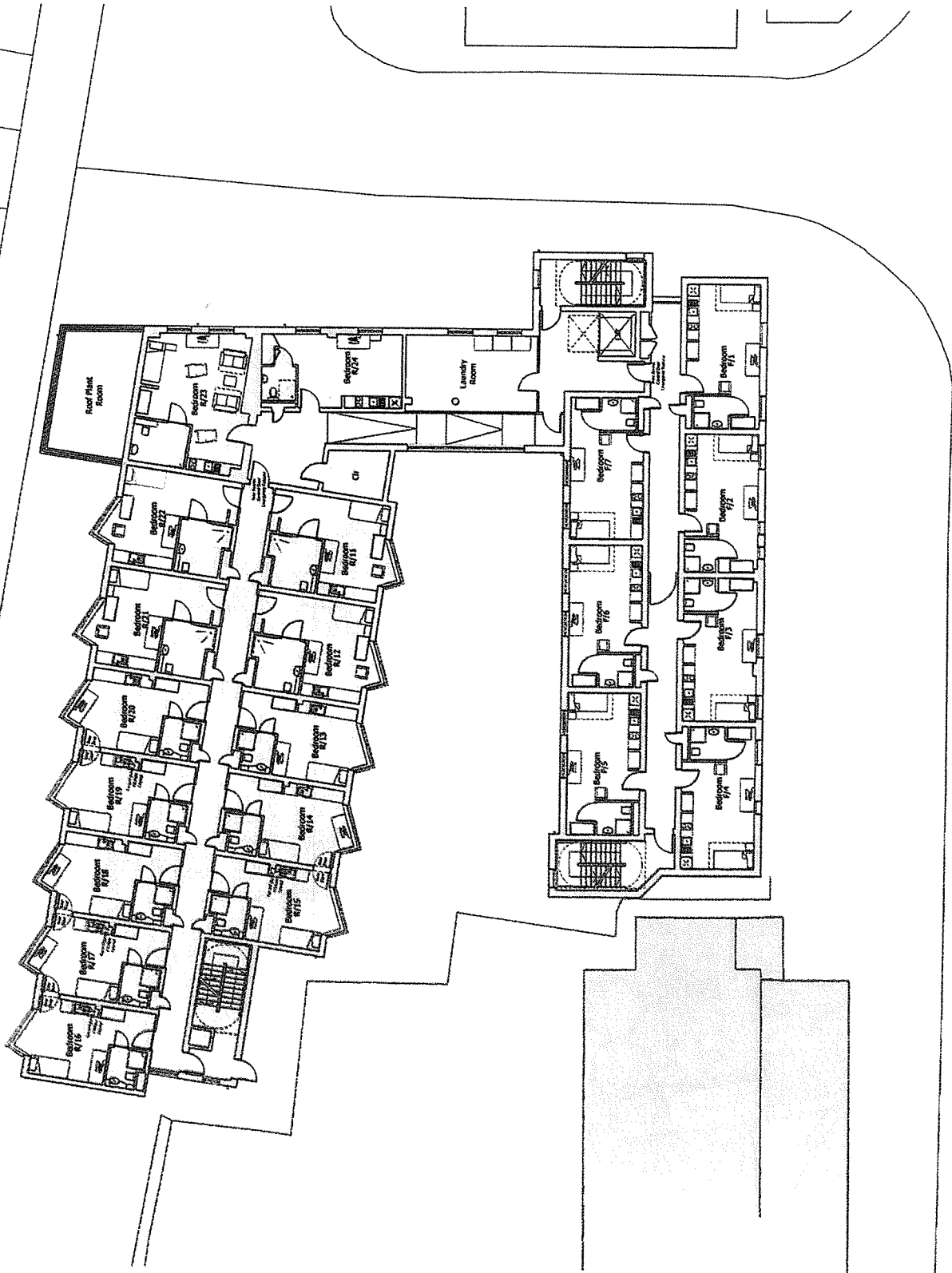
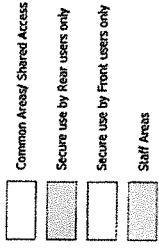
AGENDA ITEM 9
ANNEXE 2

Sanctuary Supportive Housing

PROJECT: State Court, Supportive Housing, 817 1st
 DRAWING: First Floor Plan, As Proposed

DATE: 11/00
 DATE: OCT 2017

485-111



Document is Restricted

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Scheme for Members' Allowances

Report of the:	Head of Legal and Democratic Services
Contact:	Simon Young
Urgent Decision?(yes/no)	N/A
If yes, reason urgent decision required:	N/A
Annexes/Appendices (attached):	Annexe 1: Independent Remuneration Panel Report Annexe 2: Members' Allowances Scheme Costs
Other available papers (not attached):	Report to S & R dated 19/04/11 Council Minutes dated 19/04/11 Report to S & R dated 11/11/14 Report to Council dated 09/12/14

Report Summary

This report asks the Committee to consider the report of the Independent Remuneration Panel and to make recommendations to Council on the Council's Scheme for Members' Allowances.

Recommendation (s)

That the Committee considers the report of the Independent Remuneration Panel and makes recommendations to Council on the Council's Members Allowances Scheme.

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

1.1 There are no direct implications for the purposes of this report.

2 Background

2.1 The current Scheme of Members Allowances had been in force since May 2011, subject to amendment in December 2014 concerning the level of Special Responsibility Allowances.

- 2.2 In March 2015, the Strategy and Resources Committee considered a report that set out a business case for the introduction of Mod.Gov and whether resources could be released to commence it. In response to member concerns on its impact in relation to I.T. related services provided to members at that time a commitment was given to seeking guidance from an Independent Remuneration Panel about the technicalities of paying a sum of money to members to cover the cost of IT/telephony services necessary to undertake their role. However, the assumption was that this sum would be paid as part of the Basic Allowance.
- 2.3 South East Employers was contracted to support the review and membership of the Panel, under the Chairmanship of Mr. Mark Palmer, was refreshed in July 2017. The Panel convened over two days on 28 and 29 August 2017.
- 2.4 In 2015 the Member ICT Reference Group had indicated that it considered that an allowance of £150 per year would be sufficient to enable a councillor to cover their costs in terms of IT/Telephony services. This was on the basis that an electronic tablet would also be provided to members. However, some reservations were expressed at that time by members as to whether or not this sum was at the appropriate level and all councillors were afforded the opportunity to put their views forward to the Panel on this matter when it was convened in August this year. The report of the Independent Remuneration Panel is attached as **Annexe 1**.

3 Proposals

- 3.1 The Panel's detailed conclusions and recommendations are set out in its reports. In summary, the Panel recommends as follows:
- 3.1.1 The Basic Allowance for Members of Epsom and Ewell Borough Council for the year 2018/2019 should be £3,861 subject to any indexation;
- 3.1.2 All the SRAs with the exception of the Minority Group Leaders and Independent Person for Standards Matters should be calculated as a percentage of the Basic Allowance and for 2018/19 to be in accordance with the those listed on page 9 of its report;
- 3.1.3 The current SRA for a Leader of a Minority Group should be withdrawn and replaced by an SRA that requires Leaders of Minority Groups to have at least 15% plus of total Members (6 members): subject to meeting this criteria they should then receive an SRA of £200 plus £50 per group member;
- 3.1.4 The Majority Group Leader should receive an SRA at Level 2 - 70% of the Basic Allowance, the proposed allowance to be £2,703 for 2018/19 subject to any indexation that may apply;
- 3.1.5 The SRA for Chairman of Nonsuch Park JMC should be withdrawn;

- 3.1.6 The SRA for the Independent Person for Standards Matters, (currently £1012.44 per annum) should be withdrawn and replaced with a daily rate of £250 payable only when the post was required by the Council to perform the duties of an Independent Person;
- 3.1.7 The Panel proposed no change to the approach in respect of the Dependants' Carer Allowance except that reference to National Minimum wage should be replaced by 'appropriate rate of the National Living Wage';
- 3.1.8 Concerning travel and subsistence, the Council should continue to adopt the HMRC rates for calculating reimbursement of Members mileage. Any subsistence payments should be in accordance with those paid to Officers of the Council;
- 3.1.9 Concerning Indexation of the Basic Allowance: any index linkage agreed should be in line with staff salary increases for a maximum of four years from 2018/2019 to 2022/2023. The Panel recommended that Members ensure the indexation of allowances based on the percentage of staff salary increases takes place and is not foregone;
- 3.1.10 The one SRA only rule per Member should be implemented

4 Financial and Manpower Implications

- 4.1 An analysis of the financial impact of the Panel's recommendations is set out in **Annexe 2**
- 4.2 **Chief Finance Officer's comments:** *The cost of the existing member allowance scheme is £160,450. The proposed changes if all allowances remain payable would increase that cost by £17,451 to £177,991.*
- 4.3 *The budget for 2017/18 for member allowances is currently £165,000. The budget will need to increase for 2018/19 by £12,991 (7.9%) to meet the costs if all allowances are payable under the new scheme.*
- 4.4 *However, there will be a reduction in the overall cost of allowances where councillors are currently in receipt of more than one allowance, under the proposed new scheme they will not be entitled to these additional payments.*

5 Legal Implications (including implications for matters relating to equality)

- 5.1 **Monitoring Officer's comments:** *Regulations require councils to establish and maintain an independent remuneration panel that has the function of providing the local authority with advice on its allowances scheme, the amounts to be paid and the pensionability of allowances where relevant. Whilst it is for each Council to decide its allowances scheme and the amount paid under that scheme, local authorities must have regard to this advice.*

6 Sustainability Policy and Community Safety Implications; Partnerships

6.1 There are no implications for the purposes of this report.

7 Risk Assessment

7.1 There are no significant risks for the Council arising out of this report.

8 Conclusion and Recommendations

8.1 The Independent Remuneration Panel relied on a number of sources of information to inform its review, including a questionnaire circulated to all members. The Panel also asked for interviews to be arranged with particular members and all members were invited to attend an open session to share their views and experiences on the topic of allowances with the Panel.

8.2 It is for each Council to decide its allowances scheme and the amount paid under that scheme but local authorities must have regard to the advice of an Independent Panel in so doing.

8.3 Once having had regard to the recommendations of the IRP, members are perfectly entitled not to agree to its recommendations, and propose alternatives. This could be on the methodology used to calculate the Basic Allowance, the parameters used in that calculation, the amount of allowances and/or the recommendations around Special Responsibility Allowances.

Ward(s) Affected: (All Wards);



**A Review of Members' Allowances for
Epsom and Ewell Borough Council**

Report of the Independent Remuneration Panel

29 & 30 August 2017

**2 CROWN WALK, JEWRY STREET,
WINCHESTER
HANTS,
SO23 8BB**

1. Introduction

The Independent Remuneration Panel was convened to undertake a full review of Members' Allowances. The review was undertaken and the Panel convened in accordance with The Local Authorities (Members Allowances) (England) Regulations (SI 1021) (2003 Regulations).

The Panel met on 29th and 30th August 2017 and membership of the Panel was:-

Mark Palmer, Development Director (Panel Chair)
Dennis Frost, Local Government Officer (Retired)
Gordon Manickam, Assistant Director, Regulatory Policy Committee.

A questionnaire was sent out to all Members prior to the review and we interviewed 14 Members and 1 Officer and held a member workshop. **Thirty-four** of the **38** Members of the Council completed the questionnaire; a comprehensive analysis of the questionnaire is attached as **Appendix 1 (circulated separately with copy of report to Group Leaders and available on request)**.

The Panel would like to thank the Members who completed the questionnaire as well as the Members and the Officers we interviewed during the process. We have taken account of the views expressed to us by those Members and would like to thank them for their assistance in this review.

Additionally the Panel was assisted and supported throughout by Fiona Cotter (Democratic Services Manager).

Other information at our disposal included previous Reports of the Independent Remuneration Panel, the current Scheme of Members' Allowances, committee reports (specifically the report to, and the Minutes of, the Strategy and Resources Committee dated 24 March 2015) and written submissions from Members.

We also had the benefit of the Members' Allowance Survey for District and Borough Councils in the South East published by South East Employers in October 2016, the Survey has been used to support benchmarking and for this purpose we have used the Surrey district and borough Councils as the benchmark group

Comprehensive details of the allowances in these Councils are attached as **Appendix 2 (circulated separately with copy of report to Group Leaders and available on request)**.

2. Terms of Reference

It was made clear to the Panel that one of the key issues for this review was around out of pocket expenses in relation ICT since the way the Council supported members in this regard had changed. However, the last full review of allowances had been undertaken

in 2011. Therefore our terms of reference were to undertake a full review of Members' Allowances for Epsom Borough Council and to make recommendations as to the level of the Basic Allowance and of Special Responsibility Allowances for a maximum 4 year period. The review also included making recommendations in respect of the Independent Person for Standards Matters, Dependants' Carers' Allowance and the scheme for travel and subsistence.

3. The Deliberations of the Panel

The Panel had access to the previous reports of the Independent Remuneration Panel, a full review last took place in April 2011 and a further review focusing specifically around some Special Responsibility Allowances took place in November 2014. The Panel has given due consideration to these two recent reviews as part of its deliberations when formulating its recommendations.

A key role of the Panel is to recommend a scheme of allowances which recognises both Members' responsibilities and workloads. However, the Panel was mindful of the Council's continued financial constraints when making its recommendations.

To develop a structured approach in determining allowances the Panel has used transparent formula and methodology for calculating the Basic Allowance and the Special Responsibility Allowances.

4. Basic Allowance

The Basic Allowance for Epsom and Ewell Borough Council was set by the previous Panel in 2011 and further reference was made to the Basic Allowance in the Panel report of 2014. The Panel in 2011 recommended a Basic Allowance of £3,372.

During the proceeding years' Members have taken the decision not to index the allowances to the recommended Consume Price Index (CPI) and therefore the current allowance is £3,374.77, currently the lowest of the Districts and Boroughs within Surrey.

The Panel was of the view that a structured formula for calculating the Basic Allowance was required and will provide a foundation to allow a future Panel to better determine the allowance and also provide a transparent formula for how the Basic Allowance was arrived at. The Panel was also of the view that unlike within the previous six years the Basic Allowance should be indexed annually to avoid a real term fall in the level of Basic Allowance.

The Panel also sought views from Members during the interviews in respect of whether they felt that the current level of the Basic Allowance was a barrier to candidates from all sections of the community standing to be councillors. A number of Members interviewed expressed the view that the current level of Basic Allowance did deter

people from standing for Council and the Panel has taken these views into consideration.

During the interviews and as part of a written submission to the Panel a number of Members expressed concern about the ICT provision and support provided. Whilst all Members are provided with an Apple IPAD supported with relevant software and individual training where required a number of Members felt that this was an inadequate level of ICT support. Some Members were of the view that ICT support should also include a phone line, mobile phone, broadband, desktop PC, printer and additional incidental support to cover such items as paper and printer ink cartridges. The Members ICT Reference Group (2015) felt that an allowance of around £150 per annum per member was sufficient to enable Members to cover their costs in respect of ICT.

Whilst recognising the cost of the provision of ICT by Members the Panel was not supportive of a separate ICT allowance. The Panel was of the view that the Basic Allowance should be at level to support the cost of undertaking the role of Councillor including ICT provision.

In determining a formula to calculate the Basic Allowance, the Panel chose median hourly earnings for the South East of England area as a place of residence. This information is published by the Office for National Statistics each December as part of its National Statistics of Hours and Earnings (NOMIS) and in December 2016 this was **£14.85 per hour**.

The formula was also based on average weekly hours undertaken and in respect of the average national weekly hours for a District/Borough Councillor without any additional special responsibilities the Local Government Association (LGA) as part of the LGA Councillor Census stated between 10 to 15 hours was appropriate. The Panel therefore chose **10 hours per week** to support the calculation of the Basic Allowance.

Finally, the Panel also looked at the level of the Public Service Discount (PSD). The PSD is the element of a Member's activity that is given on a purely voluntary basis. The questionnaire responses had varying views on the percentage level of PSD ranging from 5% to 80%, the average across the South East region is between 35-50%. The Panel was of the view that a level of **50%** should represent the level of recommended "Public Service Discount".

Based on these figures the level of Basic Allowance for Members of the Council can be calculated as 10 hours per week x 52 weeks x £14.85 per hour - 50% Public Service Discount which gives a annual Basic Allowance of **£3,861**.

The Questionnaire that supported this review identified that 75% of Members responding did not think the current Basic Allowance was appropriate and were of the view that it should be "higher" or "slightly higher". In respect of a level of Basic Allowance the questionnaire asked Members for a proposed level and the responses recommended an average Basic Allowance of £3,500 to £5,000.

Currently, Epsom and Ewell BC is ranked eleventh (bottom) in the level of Basic Allowance across the benchmark Surrey district/borough councils. Even after this recommended change to the Basic Allowance, Epsom and Ewell BC will still be second to bottom (10th position) of the Basic Allowances across the benchmark Councils. However, the Panel felt that this proposed increase in the Basic Allowance was setting a clear direction of travel.

Benchmark Councils- Basic Allowance (September 2017)

Council	Basic Allowances
Woking BC	£7,200
Guildford BC	£6,616
Spelthorne BC	£5,901
Reigate & Banstead BC	£5,436
Surrey Heath BC	£4,960
Elmbridge BC	£4,942
Waverley BC	£4,619
Mole Valley DC	£4,201
Tandridge DC	£4,068
Runnymede BC	£3,440 (2018 £3,680)
Epsom and Ewell BC	£3,375 (Proposed £3,861)
Average	£4,984

Recommendation: The Basic Allowance for Members of Epsom and Ewell Borough Council for the year 2018/2019 should be £3,861 subject to any indexation.

5. Special Responsibility Allowances (SRA's)

The Panel have largely used the same methodology for our recommendations as those currently in place.

We do, however, for ease of reference, set out on page 9 the current allowances and **the level of allowances the IRP recommends for 2018/19. All the SRAs with the exception of the Minority Group Leaders and Independent Person for Standards Matters are calculated as a percentage of the Basic Allowance.**

In determining which roles merit an SRA the Panel was cognisant of the 2006 Statutory Guidance (May 2006, paragraphs 70 and 73) that states:

“SRAs may be paid to those members of the council who have significant additional responsibilities over and above the generally accepted duties of a councillor. These special responsibilities must be related to the discharge of the authority’s functions.”

When considering all the current roles at Epsom and Ewell Borough Council that receive an SRA the Panel was of the view that all except one role continue to involve a” *significant additional responsibility*” that will lead them to continue to attract an SRA.

In determining the SRA’s the Panel heard evidence from Members and Officers during the individual interviews and a workshop session. The review in 2011 had recommended the current ‘four level structure’ for allowances based on a percentage of the Basic Allowance. This approach was further developed during the 2014 review that was convened to respond to changes in the committee structure. The 2014 review led to the following levels of SRA”s been implemented

- Level 1: 100% of the Basic Allowance
- Level 2: 70% of the Basic Allowance
- Level 3: 30% of the Basic Allowance
- Level 4: 10% of the Basic Allowance

The Panel was of the view that the four level approach to SRA’s recommended in 2011 and further developed in 2014 was still relevant and fit for purpose in 2017. **The Panel therefore recommend no change to the four level approach to the SRA’s.** The Panel recommend the following changes to the SRA’s:

Leaders of a Minority Group

Currently Epsom and Ewell BC remunerates Leaders of Minority Groups with an SRA of £200 plus £50 per group member. The Panel was of the view that this allowance should be withdrawn and that only Minority Group Leaders overseeing groups with at least 15% of total members (6 Members and above) should receive an SRA. This SRA shall be continued to be calculated on the current basis, £200 plus £50 per group member (for Groups of 6 or more).

RECOMMENDATION: The current SRA for a Leader of a Minority Group be withdrawn and replaced by an SRA that requires Leaders of Minority Groups to have at least 15% plus of total Members (6 members), subject to meeting this criteria they will then receive an SRA of £200 plus £50 per group member.

Majority Group Leader

The Majority Group Leader currently receives an SRA Level 2 – 70% of the Basic Allowance plus an additional allowance similar to that of Minority Group Leaders, £200 plus £50 per Group Member. The Panel was of the view that the Group Allowance of £200 plus £50 per Group Member should be withdrawn and the Majority Group Leader should receive a single allowance based on Level 2- 70% of the Basic Allowance. This approach is also consistent with the **One SRA per Member** recommended on page 8 of this report.

Recommendation: The Majority Group Leader to receive an SRA at Level 2- 70% of the Basic Allowance, the proposed allowance to be £2,703 for 2018/19 subject to any indexation that may apply.

Chairman of Nonsuch Park Joint Management Committee (JMC)

Currently the Chairman of Nonsuch Park JMC receives an SRA of 30% of the Basic Allowance. The chairmanship is shared with the London Borough of Sutton and rotated on an annual basis. The allowance is therefore only paid every other year when the chairmanship resides with an Epsom and Ewell BC Member. The London Borough of Sutton does not award an SRA to its members when they are chairing the JMC. The Panel was of the view that the role of Chairman of Nonsuch Park JMC was not a role that incurred significant enough responsibility to receive an SRA.

Recommendation: The SRA for Chairman of Nonsuch Park JMC should be withdrawn.

Independent Person for Standards Matters

The Independent Person for Standards Matters currently receives an SRA of £1012.44 per annum. Although a key role with responsibility the Independent Person is required to act on a very infrequent basis. The Panel was therefore of the view that it will be more effective to provide a day rate allowance to the Independent Person paid only when the Council requires the person to carry out the designated duties. The Panel was of the view that a day rate of £250 per day should replace the current annual allowance.

Recommendation: The SRA for the Independent Person for Standards Matters, £1012.44 per annum should be withdrawn and replaced with a daily rate of £250 payable only when the post is required by the Council to perform the duties of an Independent Person.

Vice Chairman Role

Currently the only Vice Chairman role to receive an SRA is that of Vice Chairman of the Planning Committee (Level 3: 30% of the Basic Allowance). During the review the Panel

received oral and written evidence regarding the developing role of the Vice Chairman in respect of responsibility and workload.

This view of the developing role of the Vice Chairman was particularly identified in respect of the Vice Chairmen of the Committees e.g. Community Wellbeing. Although recognising the changing and emerging role of the Vice Chairman of Committees the Panel was of the view that there should be '**no change**' to the current position with regard to the provision of SRA's for Vice Chairman.

Recommendation: The SRAs for 2018/19 to be in accordance with those listed on page 9 of the report

6. Dependants' Carers' Allowance

Currently Epsom and Ewell Borough Council offers a Dependants' Carers' Allowance (DCA) equivalent to the actual cost incurred to cover child care or dependent specialist care subject to the provision of receipts and completing a claim form; with the proviso that claims will not be payable in respect of carers in the same household. Also the rate payable to carers who are not in the same household but are family members of the Member should be at the appropriate National Living Wage rate.

RECOMMENDATION: The Panel propose no change to the approach in respect of the Dependants' Carer' Allowance except that reference to National Minimum wage should be replaced by 'appropriate rate of the National Living Wage

8. Travel and Subsistence

The Council currently pays mileage allowances based on the HMRC rates.

Recommendation: The Council continue to adopt the HMRC rates for calculating reimbursement of Members mileage. Any subsistence payments should be in accordance with those paid to Officers of the Council.

9. Index Linking

The index linking of the allowances is currently based on the CPI and this figure often differs from the rate of increase in staff salaries.

The Panel is therefore of the view that any future index linking of the Basic Allowance and SRA's should be at the rate of increase in staff salaries.

Recommendation: Any index linkage agreed should be in line with staff salary increases for a maximum of four years from 2018/2019 to 2022/2023. The

Panel recommends that Members ensure the indexation of allowances based on the percentage of staff salary increases takes place and is not foregone.

10. The One SRA Only Rule

The 2003 Members' Allowances Regulations do not limit the number of SRAs an individual Member can receive. Nevertheless, it is common and established good practice in most council's to have a 'One SRA only' rule set out in their allowances scheme. The Panel review in 2014 recommended that ***'there should be no limit in the scheme, with the exception of the Chair and Vice Chair of Planning Committee, as to the number of SRA's that an individual Member can claim if (s)he is fulfilling the responsibilities of the role'***.

The Panel was of the view that the current approach should be replaced with a simple 1 SRA only rule for each Member. Should an individual Member be undertaking more than one role eligible for an SRA then they should only receive the SRA of the highest value role.

Recommendation: The one SRA only rule per Member should be implemented

11. Implementation of Recommendations

As permitted by the 2003 Members' Allowances Regulations (paragraph 10.6) it is recommended that the new Members' Allowances as set out in this report be implemented by April 2018

**Mark Palmer
Chairman of the Independent Remuneration Panel,
September 2017**

	CURRENT ALLOWANCES £	2018/2019 RECOMMENDATIONS £	RATIONALE & METHODOLOGY
Basic Allowance	3,375 (38)	3,861 (38)	
Chairman of Strategy & Resources	3,375 (1)	3,861 (1)	Level 1- 100% of Basic Allowance
Chairman of Environment	2,363 (1)	2,703 (1)	Level 2- 70% of Basic Allowance
Chairman of Community & Wellbeing	2,363 (1)	2,703 (1)	70% of Basic Allowance
Chairman of Licensing & Planning Policy	2,363 (1)	2,703 (1)	70% of Basic Allowance
Chairman of Planning	3,375 (1)	3,861 (1)	Level 1- 100% of Basic Allowance
Chairman of Audit, Crime & Disorder	2,363 (1)	2,703 (1)	Level 2- 70% of Basic Allowance
Chairman of Financial Policy Panel	1,013 (1)	1,158 (1)	Level 3 - 30% of Basic Allowance
Chairman of Human Resources Panel	1,013 (1)	1,158 (1)	30% of Basic Allowance
Chairman of Health Liaison Panel	1,013 (1)	1.158 (1)	30% of Basic Allowance
Chairman of Epsom and Walton Downs Conservators	1,013 (1)	1,158 (1)	30% of Basic Allowance

	CURRENT ALLOWANCES £	2018/2019 RECOMMENDATIONS £	RATIONALE & METHODOLOGY
Nonsuch Park Joint Management Committee	1,013 (1) every two years or 507 annually	Allowance to be withdrawn	-----
Vice Chairman of Planning	1,013 (1)	1,158 (1)	30% of Basic Allowance
Membership of Planning Committee	337 (12)	386 (11)	Level 4 - 10% of Basic Allowance
Majority Group Leader	2,363 (1) 1750 (£200 plus 31 members)	2,703 (1)	Level 2- 70% of Basic Allowance
Minority Group Leader (s)	400 (£200 plus 4 members) £350 (£200 plus 3 members)	0	£200 plus £50 per group member based on the group having 15% plus of total members (6 members)
Independent Person for Standards Matters	1012 (1)	0	£250 per day
Total Cost (£)	160,450	177,991 *	

* Based on all 38 Members receiving the Basic Allowance and all SRAs paid.

The Panel recommendations will lead to an increase in the annual cost of all allowances of **£17,541**, subject to all Members receiving the Basic Allowance and all SRA's been paid.

**Members and Officers of Epsom and Ewell Borough Council
interviewed by the Independent Remuneration Panel
29& 30 August 2017**

Councillor Eber Kington	Chairman of Strategy and Resources Committee
Councillor Humphrey Reynolds	Chairman of Planning Committee
Councillor David Reeve	Chairman of Audit, Crime and Disorder Scrutiny Committee
Councillor Richard Baker	Chairman of Health Liaison Panel
Councillor Hannah Dalton	Chairman of Human Resources Panel
Councillor Tony Axelrod	Vice Chairman of Community and Wellbeing Committee
Councillor David Wood	Vice Chairman of Licensing and Planning Policy Committee
Councillor Steve Bridger	Vice Chairman of Audit, Crime and Disorder Scrutiny Committee
Councillors Graham Dudley	Chairman of Licensing and Planning Policy Committee & co-author of a report to the Majority Group on the case for an ICT allowance and an allowance for Vice Chairmen
Councillor Chris Frost	Co-author of a report to the Majority Group on the case for an ICT allowance and an allowance for Vice Chairmen
Councillor Barry Nash	Chairman of Community and Wellbeing Committee
Councillor Neil Dallen	Former Chairman of Strategy and Resources Committee
Councillor Tina Mountain	Conservative Group Leader
Councillor Clive Smitheram	Majority Group Chairman
Councillor Vince Romagnuolo	Labour Group Leader (Telephone interview 21 August 2017)
Simon Young	Head of Legal and Democratic Services

MEMBERS ALLOWANCES - FINANCIAL IMPACT OF IRP PROPOSALS

	Current	Annual	Proposed	Annual	Change	Change
Members	Allowance	Cost	Allowance	Cost	Allowance	Cost
Basic Allowance						
38	£3,375.00	£128,250.00	£3,861.00	£146,718.00	£486.00	£18,468.00
Special Responsibility Allowances						
<u>Committee Chairmen</u>						
Strategy and Resources	1	£3,375.00	£3,375.00	£3,861.00	£486.00	£486.00
Environment	1	£2,363.00	£2,363.00	£2,703.00	£340.00	£340.00
Community and Well Being	1	£2,363.00	£2,363.00	£2,703.00	£340.00	£340.00
Licensing & Planning Policy	1	£2,363.00	£2,363.00	£2,703.00	£340.00	£340.00
Planning	1	£3,375.00	£3,375.00	£3,861.00	£486.00	£486.00
Audit, Crime and Disorder & Scrutiny	1	£2,363.00	£2,363.00	£2,703.00	£340.00	£340.00
<u>Panel Chairmen</u>						
Financial Policy	1	£1,013.00	£1,013.00	£1,158.00	£145.00	£145.00
Human Resources	1	£1,013.00	£1,013.00	£1,158.00	£145.00	£145.00
Health Liaison	1	£1,013.00	£1,013.00	£1,158.00	£145.00	£145.00
<u>Other Chairmen</u>						
Epsom and Walton Downs Conservators	1	£1,013.00	£1,013.00	£1,158.00	£145.00	£145.00
Nonsuch Park JMC	1	£1,013.00	£1,013.00	£0.00	£-1,013.00	£-1,013.00
Membership of Planning Committee (current allowance) (a)	12	£337.00	£4,044.00	£0.00	£0.00	£-4,044.00
Membership of Planning Committee (proposed allowance) (b)	11	£0.00	£0.00	£386.00	£0.00	£4,246.00
Vice Chairman of Planning Committee (c)	1	£1,103.00	£1,013.00	£1,158.00	£55.00	£145.00
<u>Other posts *</u>						
Majority Group Leader or Chairman (d)	1	£2,563.00	£2,563.00	£2,703.00	£140.00	£140.00
Minority Group Leaders (d) **	2	£200.00	£400.00	£0.00	£-400.00	£-400.00
Group Leaders supplement per Group Member (current)	38	£50.00	£1,900.00	£0.00	£0.00	£0.00
Independent Person (statutory appointment in relation to ethical standards) ***	1	£1,013.00	£1,013.00	£0.00	£-1,013.00	£-1,013.00
Full Potential Cost			£160,450.00		£177,991.00	£17,541.00
Budget			£165,000.00		£165,000.00	

(a) 12 members of the committee, not including the Chairman, whose current allowance is referred to above

(b) 11 members of the committee not including the Chairman and Vice Chairman under proposed scheme

(c) Current total allowance includes Vice Chairman's allowance (£1,013) and also the allowance for being a member of the Planning Committee (£337)

(d) Majority Group leader currently receives £4,113 and Minority Group Leaders currently receive £400 and £350 respectively

* number based on current political groupings

** Under proposed scheme in order to qualify for an allowance Leaders of Minority Groups to have at least 15% plus of total Members (6 members) to qualify for SRA of £200 plus £50 per group member

*** Under proposed scheme, the independent person would receive a day rate of £250 payable only when the post is required by the Council to perform the duties of an Independent Person.

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Write-Off - Section 106 Agreement

Report of the:	Director of Finance and Resources
Contact:	Simon Young
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Annexes/Appendices (attached):	None
Other available papers (not attached):	None stated

Report Summary

A report seeking to write-off sums invoiced pursuant to a section 106 Agreement in relation to a development at Linton's Lane, Epsom

Recommendation (s)

That the sum of £374,498.27 be written off.

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

- 1.1 Due to the purposes for which the sums to be written off could have been put, there are no direct implications for the Council's Key Priorities, Service Plans or Sustainable Community Strategy arising from this report.

2 Background

- 2.1 Landowners can provide planning obligations under Section 106 of the Town and Country Planning Act 1990. The usual purpose of such obligations is to make acceptable a development proposal which would otherwise not be acceptable. Traditionally, obligations deal with the use and development of land and the provision of payments to contribute to infrastructure improvements required to mitigate the impact of the development and to make the development acceptable.
- 2.2 Planning obligations are offered either by agreement with the Council as local planning authority, or by unilateral obligations provided by developers. These documents are generally referred to as "section 106 agreements", and there is also reference to "developer contributions".

- 2.3 Since the adoption in Epsom & Ewell of Community Infrastructure Levy, s106 agreements are used only in relation to very site specific requirements and affordable housing contributions.
- 2.4 Persimmon Homes was granted planning permission in 2013 for a development comprising of 85 houses at Lintons Lane. The permission (13/00250/FUL) was subject to a s106 obligation to pay infrastructure contributions totalling £827K. The various contributions fell due for payment at various different stages of development.
- 2.5 The financial contribution of £827,246.59 comprised of:
- 2.5.1 Education (Primary): £184,016.43
 - 2.5.2 Education (Secondary): £199,634.92
 - 2.5.3 Transport: £177,110.78
 - 2.5.4 Libraries £12,227.06
 - 2.5.5 Open Space (Children) £4,462.43
 - 2.5.6 Open Space (Parks and Gardens and Amenity Green Space) £22,396.10
 - 2.5.7 Open Space (Outdoor Sports Facilities) £ 121,544.24
 - 2.5.8 Environmental Improvements) £ 66,461.94
 - 2.5.9 Monitoring Charge @ 5% £ 39,392.69
- 2.6 The development had commenced and an invoice was raised on 15th December 2014 for the first initial scheduled payment and these monies (£282,761.17) were paid by the developer. Interest was applied to the original amount due in accordance with the contracted terms of the S106 agreement.
- 2.7 The initial invoice was in respect of:
- 2.7.1 Monitoring £39,392.69 + £913.77 interest = £40,306.46
 - 2.7.2 Transport £88,555.39 +£2,054.16 interest = £90,609.55
 - 2.7.3 Open Space (Children) £4,462.43 + £103.51 interest = £4565.94
 - 2.7.4 Open Space (Parks and Gardens and Amenity Green Space) £22,396.10 + £519.51= £22,915.61
 - 2.7.5 Open Space (Outdoor Sports Facilities) £121,544.24 + interest £2,819.38 = £124,363.62

- 2.8 A separate application was made during 2014 by the developer under section 73 of the Town and Country Planning Act 1990 to “vary” the conditions attached to the 2013 permission. This application was approved on 8 December 2014 (14//00910/REM), which was after the development had commenced under the original permission.
- 2.9 Although commonly referred to as a ‘variation’ section 73 applications actually result in the issue of a completely new planning permission. Both the original and new permissions remain extant. Because a section 73 application results in the grant of a new planning permission, it is necessary to impose all of the conditions which remain relevant from the original permission (usually changing only the conditions which was the subject of the section 73 application). It is also necessary to enter into a new section 106 agreement (or vary the existing agreement).
- 2.10 A new s106 agreement was not however entered into in relation to the new permission in error as planning officers mistakenly thought the original s106 would still apply.
- 2.11 The Council subsequently invoiced the developer on 13th November 2015 for payment of the next scheduled contribution (£374,498.27 – including interest). The developer replied to state that it was implementing the new permission and, as there was no s106 agreement attached to the new planning permission, there was therefore no liability for further contributions to be paid.
- 2.12 Notwithstanding this the developer later paid a £10,000 contribution towards ecological mitigation in respect of a European Protected Species Licence. This payment was received on 10th May 2015 – but the developer made clear this was to meet a separate statutory obligation, and not a payment under the original s106 agreement.
- 2.13 In summary, the total contribution amount was £827,246.59. The amount received to-date is £292,761.17 which includes some added interest under the terms of the s106 agreement. The total amount unpaid is £540,895.74 (which includes added interest on the initial debtors accounts raised).
- 2.14 The day after the response from the developer was received denying liability, Officers sought legal advice from leading counsel. Advice given suggested that most likely a pragmatic solution would be reached. Counsel advised that the Council should consider seeking to assist in getting the court to quash the second planning permission. This would have nullified the planning permission given, and the application would again be open for determination. A s106 agreement could then be pursued with the developer. This proposal was communicated to the developer and they initially responded positively that they would not challenge such a quashing. Subsequently, however, Persimmon’s legal representatives pointed out that in accordance with legislation by the time the Council had contacted the developer, the Council was out of time to

bring an application to quash the second planning permission, and there was no other legal basis on which to require the developer to enter into a new s106 agreement.

- 2.15 As the time frame for quashing the second permission has expired further legal action would appear to be exhausted. There were delays in dealing with this matter following the intervention of the developer's solicitor, however, it is not considered this is likely to have materially affected the outcome, as the court would have been reluctant to allow an application which was already well out of time.
- 2.16 Since this matter, Community Infrastructure Levy has come into effect. Most financial contributions from potential developers will in future be determined under that regime. s106 obligations will be principally non-financial. This should mitigate the risks that materialised with this particular development. As part of seeking a resolution, the Council's Internal Auditors were requested to carry out a review of this matter to determine whether any further action could be taken. They recommended that the Council write to the developer explaining the situation. It was also recommended that the Head of Place Development should undertake a review of governance processes to ensure that adequate checks and authorisations are in place to provide assurance that, going forward, accurate documentation and contractual obligations are in place.
- 2.17 Since legal options were not available, the matter has been pursued in joint correspondence between the Chief Executives of Epsom & Ewell Borough Council and Surrey County Council, and the developer, in an effort to collect monies due as a result of their moral obligations, but no response was received.

3 Proposals

- 3.1 It has to be recognised that the sums invoiced on 13 November 2015, totalling £374,498.27 are no longer recoverable and it is therefore recommended that the sum be written off. The remainder of the contributions under the s106 agreement of around £166,397 have never been invoiced as they have not, and now will not, ever fall due for payment.

4 Financial and Manpower Implications

- 4.1 **Chief Finance Officer's comments:** *The financial implications are set out above. It is noted that the sums being written off (and the further sum which will never fall due for payment) would in whole or large part have been passed to Surrey County Council and are therefore not available to support infrastructure projects in relation to areas such as education, transport and libraries.*

5 Legal Implications (including implications for matters relating to equality)

5.1 ***Monitoring Officer's comments:*** *The legal issues are covered in the body of the report. It is not considered that it would be possible to recover the sums outstanding under the original s106 agreement.*

6 Sustainability Policy and Community Safety Implications

6.1 There are no implications for the purposes of this report.

7 Partnerships

7.1 This matter has had an impact on Surrey County Council in that reduced funding is available to it. The County Council has been involved in discussions around this matter and has jointly written to the developer.

8 Risk Assessment

8.1 There are no risks arising from this report. The risk of recurrence of a situation such as this in future has been mitigated by training and a review of processes. This matter has also been the subject of an internal audit investigation.

9 Conclusion and Recommendations

9.1 The Head of Place Development agreed with the recommendations in the Internal Audit report. He had already reminded team members of the position in relation to s73 applications, and the requirement to vary the s106 agreement or enter into a new agreement.

9.2 This matter arose due to human error, compounded by a failure of governance controls, and the fact that this was not detected and actioned soon enough. As it is not considered that the outstanding sums are recoverable, it is right that they be written off for accounting purposes.

Ward(s) Affected: Town Ward;

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Revenues Write-Offs over £20,000

Report of the:	Head of Revenues & Benefits
Contact:	Siobhan Gavigan
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/a
Annexes/Appendices (attached):	Annexe 1: Non-Domestic Rates Write-Off (exempted from publication)
Other available papers (not attached):	Confidential recovery files in Revenues and Benefits Division

Report Summary

This report seeks approval to write off a debt of over £20,000

RECOMMENDATION (S)

That the Committee agrees the write off of a debt totalling £21,254.67 for Business Rates

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

1.1 None for the purposes of this report

2 Background

- 2.1 In 2017/18 the Council raised debts of over £24 million from Non-Domestic (Business) Rates
- 2.2 The Council takes action to recover all debt, including assisting debt management where recovery is most effective over a period of time and the use of legal channels where other means have proved unsuccessful.
- 2.3 The Acting Director of Finance and Resources has delegated authority to authorise the write off all debts of up to £5,000 and can also write off debts between £5,000 and £20,000 in consultation with the Chairman of this Committee.
- 2.4 The Council's Financial Regulations require that individual debts over £20,000 require this committee's approval for write off.

3 Proposals

- 3.1 There is one national non-domestic debt recommended for write off in **Annexe 1** totalling £21,254.67. The annexe provides the justification for the write off

4 Financial and Manpower Implications

- 4.1 The business rates write off will reduce the revenue collected on behalf of central government and Surrey County Council for 2017/18. This will also impact of the Council's revenue account.
- 4.2 **Chief Finance Officer's comments:** *Write off of income due to the fund will reduce the overall level of funding available to be redistributed and impact adversely on the Council's share of retained business rate income.*

5 Legal Implications (including implications for matters relating to equality)

- 5.1 There are no specific implications for the purposes of this report.

6 Sustainability Policy and Community Safety Implications

- 6.1 There are no specific implications for the purpose of this report.

7 Partnerships

- 7.1 There are no specific implications for the purpose of this report.

8 Risk Assessment

- 8.1 The Council follows procedures for recovery of debt and this, along with the scheme of delegated approval and relevant Financial Regulations helps the Council manage risks on income recovery

9 Conclusion and Recommendations

- 9.1 It is recommended that the committee agree to the write off of £21,254.67

Ward(s) Affected: (All Wards);

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**Minutes of the SPECIAL Meeting of the STRATEGY AND RESOURCES
COMMITTEE held on 19 September 2017**

PRESENT -

Councillor Eber Kington (Chairman); Councillor Clive Smitheram (Vice-Chairman); Councillors Tony Axelrod, Kate Chinn, Hannah Dalton, Omer Kokou-Tchri, Humphrey Reynolds and Clive Woodbridge

In Attendance: Councillor Michael Arthur, Councillor Richard Baker, Councillor Graham Dudley, Councillor Chris Frost, The Mayor (Councillor Liz Frost) Councillor Rob Geleit, Councillor Keith Partridge and Councillor David Reeve

Absent: Councillor Neil Dallen and Councillor Mike Teasdale

Officers present: Kathryn Beldon (Chief Executive), Simon Young (Head of Legal and Democratic Services), Mark Shephard (Head of Property), Lee Duffy (Acting Director of Finance and Resources), Brian Thompson (Interim Chief Accountant), Gillian McTaggart (Head of Corporate Governance), Rod Brown (Head of Housing and Community) and Fiona Cotter (Democratic Services Manager)

13 DECLARATIONS OF INTEREST

No declarations of Interest were made by councillors regarding the item on the Agenda.

14 EXCLUSION OF PRESS AND PUBLIC

The Committee resolved to exclude the Press and Public from the meeting in accordance with Section 100A (4) of the Local Government Act 1972. This was on the grounds that the business involved the likely disclosure of exempt information as defined in paragraphs 3 and 5 of Part 1 of Schedule 12A to the Act (as amended) and that pursuant to paragraph 10 of Part 2 of the said Schedule 12A the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

15 ESTABLISHMENT OF A LOCAL AUTHORITY PROPERTY INVESTMENT TRADING COMPANY

The Committee received and considered a report to the Extraordinary meeting of the Council dated 19 September 2017 (exempt from publication at the date of the meeting) regarding the Establishment of a Local Authority Property Investment Trading Company.

The report concluded that it was considered that the proposal in the report to the Extraordinary meeting of the Council represented a significant opportunity to secure additional income to spend on services for residents.

For frontline services to be maintained at their current levels, it was recognised that the Council not only had to continue to identify ongoing operational efficiencies, but also had to seek new long-term sustainable income sources. The business case for seeking to achieve this in large part via investment in property was compelling.

Setting up a property investment company would afford the Council with greater flexibility to acquire high quality property assets. These included out of Borough acquisitions and the ability to acquire its own residential properties for private and affordable rented housing.

Accordingly, the Committee:

- (1) Noted the report to the Extraordinary meeting of the Council dated 19 September 2017;
- (2) Did not wish to make any amendments to, or further recommendations to Council over and above those set out in the report dated 19 September 2017 to the meeting referred to above;
- (3) Subject to the Council agreeing to its creation:
 - a) Agreed to establish a Shareholder Sub-Committee comprising five members with four members to be appointed by the Residents' Association Group and one member to be appointed by the Conservative Group, and
 - b) Approved the Terms of Reference for the Sub-Committee, set out in Annexe 1 to the report
 - c) Authorised the Head of Legal and Democratic Services to finalise arrangements for and appointments to the Sub-Committee to give effect to the wishes of the Residents' Association and Conservative Groups.

The meeting began at 7.30 pm and ended at 8.09 pm

COUNCILLOR EBER KINGTON (CHAIRMAN)

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**Minutes of the Meeting of the STRATEGY AND RESOURCES COMMITTEE held on
26 September 2017**

PRESENT -

Councillor Eber Kington (Chairman); Councillor Clive Smitheram (Vice-Chairman); Councillors Richard Baker (as nominated substitute for Councillor Tony Axelrod), Neil Dallen, Omer Kokou-Tchri, Humphrey Reynolds, Mike Teasdale, Clive Woodbridge and Tella Wormington (as nominated substitute for Councillor Hannah Dalton)

In Attendance: Elizabeth Jackson (Associate Director) (Grant Thornton UK LLP) (For items 13 to 15) and Ade O Oyerinde (Audit Manager) (Grant Thornton UK LLP) (For items 13 to 15)

Absent: Councillor Tony Axelrod, Councillor Kate Chinn and Councillor Hannah Dalton

Officers present: Kathryn Beldon (Chief Executive), Simon Young (Head of Legal and Democratic Services), Brendan Bradley (Chief Accountant), Judith Doney (Head of Revenues and Benefits) (For items 13 to 17), Lee Duffy (Acting Director of Finance and Resources), Siobhan Gavigan (Revenues Manager) (For items 13 to 17), Karol Jakubczyk (Planning Policy Manager), Gillian McTaggart (Head of Corporate Governance), Grant Miles (Interim Accountant) and Fiona Cotter (Democratic Services Manager)

13 QUESTION TIME

No questions were asked or had been submitted by members of the public.

14 DECLARATIONS OF INTEREST

No declarations of interest were made by councillors regarding items on the Agenda.

15 2016/17 FINAL ACCOUNTS - AUDIT FINDINGS

The Committee were presented with the findings of the External Auditors, Grant Thornton and received the Financial Statements for 2016/17 following the external audit of the accounts.

Mrs. Liz Jackson, Associate Director, and Mr. Ade Oyerinde, Audit Manager, Grant Thornton UK LLP were in attendance.

Mr Oyerinde reported that the auditors anticipated providing an unqualified audit opinion in respect of the financial statements. At the date of the meeting, third

party investment confirmation was still awaited from Goldman Sachs and Deutsche Asset Management and alternative procedures had been put in place to the auditor's satisfaction. Officers had been supportive and provided additional information as required throughout the audit. Mr. Oyerinde highlighted that in terms of key findings, there were some minor disclosure errors that needed to be addressed. However, the Council was well placed for the closure of its accounts being brought forward. No significant control issues had been identified but the report highlighted two internal control issues relating to part disclosure and year-end creditor balance. This unadjusted misstatement was not considered material and management had undertaken to review all year-end creditor balances relating to grant income and write down the balance appropriately in future. In terms of the Value for Money conclusion, it was considered that risks around leadership had been mitigated but needed to be kept under review.

The Committee was reminded that the Council had signed up to the national auditor appointment scheme run by Public Sector Audit Appointments Ltd. (PSAA). PSAA has proposed the re-appointment of Grant Thornton as external auditor for five years from 2018/19. It was confirmed that the Council would see a reduction in audit fees and that this would be in the region of 18% in 2018/19.

In response to a query on the Statement of Accounts 2016/17, it was confirmed that the amount of National Non Domestic Rates income retained by this Council would vary depending on the baseline figure set by central Government but was currently around 6%.

The Committee wished its thanks recorded to Auditors in the undertaking of the audit and to the Finance Team for its hard work which ensured that the Council received such an excellent report. In particular, the Council wished Interim Accountant Grant Miles well for the future and welcomed Brendan Bradley, the Council's new Chief Accountant.

Accordingly, the Committee:

- (1) Received the Audit Findings for 2016/17;
- (2) Received the Financial Statements for the year ended 31 March 2017;
- (3) Agreed the management action in response to audit recommendations;
- (4) Agreed that the Chairman of Strategy and Resources Committee and the Acting Director of Finance and Resources sign the Letter of Representation on behalf of the Council;
- (5) Delegated any further amendments to the Financial Statement for the year ended 31 March 2017 to the Acting Director of Finance and Resources in consultation with the Chairman of the Strategy and Resources Committee;
- (6) Accepted the proposed re-appointment of Grant Thornton as the Council's external auditor for five years from 2018/19 to 2022/23.

16 BID BUSINESS PLAN AND BALLOT

Note: This item was moved up the running order with the agreement of the Committee, the Vice Chairman of the BID Steering Group being in attendance.

The Committee received a report that updated members on the work towards creating a Business Improvement District in Epsom and Ewell and attaching the BID Business Plan.

However, the Committee was informed that following discussions between officers and members of the BID Steering Group which had taken place since publication of the Agenda, the BID ballot was likely to be delayed. Further discussions were necessary to ensure that there was clarity as to “baseline” information on current services and clarity as to certain costs.

Whilst it was not expected that the draft BID Business Plan attached as an Annexe to the report would change significantly, it might require some slight adjustment.

Until the proper notice was given, followed by the final Business Plan, it was not proper to determine not to exercise the power of veto. In the unlikely event it was subsequently considered that the power of veto ought to be exercised, this would be reported to a future meeting of the committee.

It was acknowledged that the timetable would be tight but Officers would do their best to try and work towards facilitating a ballot in November.

Accordingly, a set of revised recommendations were tabled at the meeting and the Committee:

- (1) Noted the Draft BID Business Plan as defining the likely scope and purpose of the proposed BID;
- (2) Agreed that the Council support the proposed BID and authorised the Chief Executive to vote “Yes” in the expected forthcoming ballot on behalf of the Council.

17 DISCRETIONARY RATE RELIEF FOR NATIONAL NON-DOMESTIC RATES

A report was presented to the Committee that outlined a proposed scheme of how to distribute the government funding which would be allocated to this Council in the March 2017 Spring budget. The fund, intended to support local businesses following the 2017 revaluation, would be known as the “Local Discretionary Rate Relief Scheme”.

The report set out how it was proposed the scheme would operate, how much relief would be available, the application process and the appeals process.

It was confirmed that charities would continue to receive relief under a separate statutory scheme. Initial calculations suggested that 253 properties would qualify

for relief. In each year the majority of qualifying properties would receive under £500. This equated to 151 properties in the first year.

Whilst there was no statutory right of appeal against a decision regarding discretionary rate relief, it was considered that rate payers ought to be entitled to have a discretionary decision reviewed if dissatisfied with the outcome. Therefore, an appeal procedure was proposed. Appeals would have to be lodged within four weeks of notification of the decision but a common sense approach would be adopted in individual circumstances.

Accordingly, the Committee:

- (1) Adopted the scheme set out in sections 3 to 7 (inclusive) of the report as part of Epsom and Ewell Borough Council's Discretionary Rate Relief Policy with effect from 1 April 2017;
- (2) Agreed that the scheme referred to in recommendation 1 should have effect until the 31 March 2021 when government funding of the scheme ceases, at which point no further relief will be given under the scheme.

18 PILOT FOR 100% BUSINESS RATES RETENTION IN 2018/19

The Committee received and considered a report that provided an update on the 100% retention of business rates prospectus recently issued by the Department of Communities and Local Government and the work currently being undertaken by Surrey Treasurers in preparing a submission to operate a pilot scheme in 2018/19.

The Chairman informed members that he would be attending the Surrey Leaders' meeting on 27 September where the bid proposal would be discussed at which he would be strongly arguing the case that Epsom and Ewell Borough Council would wish to see a fairer distribution of the pooled resources amongst Surrey authorities.

It was noted that following publication of the report, the Head of Legal and Democratic Services had recommended that the recommendation be changed to delegate the decision to the Chief Executive, in consultation with the Acting Director of Finance and Resources and Councillor Kington (in his capacity as Chairman of Strategy & Resources Committee). This was because, as an authority operating a committee system of governance, functions could not be delegated to individual councillors.

Accordingly, the Committee authorised the Chief Executive, following consultation with the Acting Director of Finance and Resources and the Chairman of the Strategy and Resources Committee to agree or reject the terms of the proposed Surrey bid to become a pilot for 100% retention of business rates.

19 BUDGET TARGETS 2018/19

The Committee received and considered a report that updated the financial forecast and recommended financial targets for preparing the draft budget for 2018/19 and financial planning for 2019/20 and 20/21.

The report highlighted that, at its meeting on 12 September 2017, the Financial Policy Panel had received a detailed financial analysis, including forecasts on the current budget position and of the Council's financial position for the next four years. The Panel had made recommendations to this Committee on budget targets for 2018/19 accordingly.

Based on the assumptions used, the forecast identified that cost reductions were required in the region of £90,000 in 2018/19 and £1.458 million in total over the next three financial years.

The budget strategy involved continuing to deliver efficiency savings and generating extra service income whilst reviewing service levels so that service costs could be reduced as needed to achieve a balanced budget year on year.

The budget preparation process was ongoing with the policy committees being asked to provide any guidance on the preparation of detailed service estimates in the October/November committee cycle, including any service reviews.

The Chairman of this Committee, (also Chairman of the Financial Policy Panel), pointed out that under his chairmanship the Capital Member Group would not "seek to limit" but, so far as it was within its control to do so, *would* limit the number of schemes included within the capital expenditure programme to enable retention of the agreed minimum level of capital reserves.

Accordingly, the Committee:

- (1) Received the Minutes of the Meeting of the Financial Policy Panel held on 12 September 2017;
- (2) Agreed the following overall revenue budget target for 2018/19:
 - a) the preparation of estimates including options to reduce organisational costs by £588,000, subject to government grant announcement, to minimise the use of working balances and maintain a minimum working balance of £2.5 million in accordance with the Medium Term Financial Strategy;
 - b) the generation of at least £200,000 additional revenue from an increase in discretionary fees and charges, based on minimum overall increase in yield of 3%;
 - c) the provision of £228,000 for the pay award, representing an increase to the staffing budget of 1.5%.

- (3) That further savings and efficiencies be identified to address the budget shortfalls of £90,000 in 2018/19, £577,000 in 2019/20 and £791,000 in 2020/21;
- (4) Noted that the Capital Member Group would limit schemes included within the capital expenditure programme to enable the retention of agreed minimum level of capital reserves.

20 CORPORATE PLAN: PERFORMANCE REPORT ONE 2017/18

A report was presented to Committee that provided an update against its Key Performance Targets for 2017/18 under the Corporate Plan.

The report highlighted that the following targets were “off track or unlikely to be achieved for projected year” and the actions identified to achieve them:

- To support the Business Partnership to develop a proposal for a Business Improvement District (BID) with the intention of holding a ballot
- To agree and implement a scheme for the allocation of the neighbourhood portion of Community Infrastructure Levy (CIL) (15%)

In respect of the BID this was the subject of a separate report on the Agenda but it was confirmed that it was hoped that a ballot would still take place in November. It was acknowledged, however, that whilst there was the will to make this happen, the timetable was extremely tight and a cause for concern.

It was queried whether the target of developing a business case for a business hub and reporting to this Committee on 28 November (currently at Amber) would be hit. It was confirmed the case to establish the availability of funding was not strong enough and so had not been submitted to the Local Enterprise Partnership.

The Committee:

- (5) Considered the performance reported in Annexe 1 to the report and did not identify any areas of concern;
- (6) Noted the actions which had been proposed or taken where performance was currently a concern as set out in paragraph 3.1 of the report.

21 PROCUREMENT STRATEGY

A report was presented to Committee that sought approval of a Procurement Strategy for the period 2017-2021.

The changes required to the previous strategy had been significant and it had been completely re-written. The report concluded that an approved Procurement Strategy would enable the Council to meet the challenges and opportunities to deliver its services. Having been updated, the Strategy was key in helping Officers ensure that they were procuring effectively and in accordance with the

law and good practice. An effective strategy would also assist the Council in delivering savings required as set out in its Cost Reduction Plan.

The Chairman highlighted that it was important that one of the aims of the Council's procurement and commissioning approach should be supporting local economies through the encouragement of contract bidding by local small and medium sized enterprises.

Accordingly, the Committee approved the Procurement Strategy 2017-2021 as set out in summary in Annexe 1 of the report and in detail in Annexe 2 of the report.

22 MINUTES OF PREVIOUS MEETING

The Minutes of the Meeting of the Strategy and Resources Committee held on 27 June 2017 were agreed as a true record and signed by the Chairman.

The meeting began at 7.30 pm and ended at 8.22 pm

COUNCILLOR EBER KINGTON (CHAIRMAN)

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Exclusion of Press and Public

Under Section 100(A)(4) of the Local Government Act 1972, the Committee may pass a resolution to exclude the public from the Meeting for Part Two of the Agenda on the grounds that the business involves the likely disclosure of exempt information as defined in paragraph (s) 3 of Part 1 of Schedule 12A to the Act (as amended) and that pursuant to paragraph 10 of Part 2 of the said Schedule 12A the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

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